

ALASKA DCS OFFICE  
ANCHORAGE, ALASKA

MAR 18 4 23 PM '80

PUBLIC HEARING

BUREAU OF LAND MANAGEMENT  
DEPARTMENT OF THE INTERIOR

DRAFT ENVIRONMENTAL IMPACT STATEMENT  
WESTERN GULF OF ALASKA

KODIAK, SALE NUMBER 46

March 4, 1980  
Sheraton Inn  
Anchorage, Alaska

EIS PUBLIC HEARING  
BUREAU OF LAND MANAGEMENT  
DEPARTMENT OF THE INTERIOR  
WESTERN GULF OF ALASKA  
KODIAK

BEFORE PANEL MEMBERS:

ESTHER WUNNICKE, CHAIRPERSON	Manager, Alaska OCS Office
JAMES CURLIN	Deputy Assistant Secretary Land and Water Resources
RAY KARAM	OCS Program Coordination
CHARLES EDDY	Deputy Assistant Secretary Energy and Natural Resources
JOE JONES	Regional Manager, Alaska Re- gion, USGS
GERALD REID	OCS Coordinator US Fish and Wildlife Service
JERRY GILLILAND	Special Assistant to Secretary Andrus, Alaska

KUSKOKWIM ROOM  
SHERATON INN  
ANCHORAGE, ALASKA

The above-entitled hearing opened, pursuant to notice at approximately 9:00 a.m. on Tuesday, March 4, 1980 at the location set forth above.

C E R T I F I C A T I O N

THIS IS TO CERTIFY:

That the attached proceedings before Esther Wunnicke,  
James Curlin, Ray Karam, Charles Eddy, Joe Jones, Gerald Reid  
and Jerry Gilliland in the matter of:

Public Hearing for Sale Number 46, March 4, 1980,  
Kuskokwim Room of the Sheraton Inn, Anchorage, Alaska were held  
as herein appears, and that this is the original transcript thereof  
for the file of the Department of the Interior, Alaska OCS Office.

AD-GILE COURT REPORTERS



Ellynda Giles, Field Reporter

WITNESSES

	<u>Name</u>	<u>Representing</u>	<u>Page</u>
1			
2			
3	DAVID HOOPES	OCS Consultant, Kodiak Island Borough	13
4	ALAN BEARDSLEY	Mayor - City of Kodiak	29
5	SALLY KALISH	Sierra Club	36
6	JEFF STEPHAN	UFMA	39
7	HANK PENNINGTON	OCS Advisory Council	56
8	THOMAS PETERSON	OCS Advisory Council	63
9	BOB PETERSON	KANA	69
10	DAVE WAKEFIELD	KANA - OEDP	74
11	DOROTHY PESTRIKOFF	KANA - OEDP	79
12	RON LINDVIG	KANA - OEDP	83
13	REFUGIO DELGADO	Mayor - Ouzinkie	84
14	JERRY SHEEHAN	KANA	91
15	WAYNE MARSHALL	KANA	101
16	TONY PEREZ	Planning and Zoning Commission	110
17	ARNE HANSEN	Kodiak Island Borough Assembly	112
18	DAN OGG	Kodiak Island Borough Assembly	122
19	PATRICIA PETRIVELLI	Rural Alaska Community Action Program, Inc.	127
20	WILLIAM MEYERS	AOGA	135
21	WILLIAM E. CRAIN	Chevron	138
22	M. L. WOODSON	Shell	144
23	ROBERT B. BERNHARDT	Manager, Gulf of Alaska Clean-up Organization	149
24	ANN MOEN	Kodiak Island Borough _OEDP	174
25	HARRY MILLIGAN	Borough Planning Director	187



1	<u>WITNESSES</u> (Continued)	<u>Representing</u>	<u>Page</u>
2	WILL ANDERSON	Greenpeace	200
3	DAVID BENTON	Friends of the Earth	205
4	MIKE IRETON	Steering Committee, Oil Watch	208
5			
6			
7		*	
8			
9		*	
10			
11		*	
12			
13		*	
14			
15		*	
16			
17		*	
18			
19		*	
20			
21		*	
22			
23		*	
24			
25		*	

1                                    P R O C E E D I N G S

2            ESTHER WUNNICKE, CHAIRPERSON presiding: Good morning. I'll  
3 call the hearing to order. This is being conducted by the Bureau  
4 of Land Management for the Department of the Interior. I'm Esther  
5 Wunnicke, Manager of the Alaska Outer Continental Shelf Office and  
6 I've been designated to chair the hearing. I'd like to introduce  
7 the other members of the panel who are seated with me. On my far  
8 right, on your left, Mr. James Curlin who's the Deputy Assistant  
9 Secretary of Land and Water in the Department of the Interior.  
10 Next to him, Mr. Ray Karam who is the OCS Coordinator of the Outer  
11 Continental Shelf Coordination Office in the Department. Next to  
12 him, on my immediate right, Mr. Charles Eddy who is the Deputy  
13 Assistant Secretary for Energy and Minerals. On my left, Joe Jones  
14 Regional Manager for the Conservation Division, Alaska for the  
15 US Geological Survey and on my far left, Jerry Reid who is OCS  
16 Coordinator for the Fish and Wildlife Service and also representing  
17 Assistant Secretary for Wildlife and Parks. Joining us later will  
18 be Jerry Gilliland who is Secretary Andrus' representative in  
19 Alaska. The hearing will be conducted for the purpose of receiving  
20 views, comments and suggestions relating to a proposed oil and gas  
21 lease sale in the Western Gulf of Alaska, designated Kodiak Sale  
22 Number 46, pursuant to the Outer Continental Shelf Lands Act as  
23 Amended and relating to the draft environmental impact statement  
24 concerning this proposed sale which was prepared by the Bureau of  
25 Land Management in accordance with the National Environmental Policy

1 Act. The hearing will provide an opportunity to receive comments  
2 from public and private sectors in order to fully evaluate the po-  
3 tential effects of this proposed sale on the human, marine and  
4 coastal environment and a domestic supply of mineral resources. An  
5 official reporter will make a verbatim transcript of the hearing.  
6 That reporter is Ellynda Giles from the Ad-Gile Court Reporting  
7 Service and she's seated to my left at the table in the front of  
8 the room. Everything that's spoken while the hearing's in session  
9 will be recorded and in order to insure complete and accurate re-  
10 cord of the hearing, it's necessary that only one person speak at  
11 a time and everyone remain as quiet as possible while the hearing  
12 is in progress. If you should, in your testimony, indicate geo-  
13 graphic areas on a map, will you also please identify those areas  
14 by name for the benefit of the reporter. As you know, this is not  
15 an adversary proceeding so the parties presenting their views will  
16 not be placed under oath, but the presentations should be relevant  
17 and should be supported by pertinent data. The speakers may be  
18 questioned only in the event that a member of the hearing panel  
19 wishes to clarify facts or obtain additional information. Any  
20 questions that might be asked by members of the panel should not  
21 be construed as indicating any pre-determined position. The pur-  
22 pose of the hearing, again, is to receive information and not to  
23 exchange views. The members of the panel are present for the pur-  
24 pose of obtaining as complete an understanding as possible, of all  
25 views of interested parties. And they are not present for the

1 purpose of answering questions. In fact, we're very pleased that  
2 so many people from the Assistant Secretary's level in the Depart-  
3 ment of the Interior were able to be in Anchorage and will also be  
4 in Kodiak for the hearings. The speakers will be called in the  
5 order that they have registered according to a list that is posted  
6 outside the entrance to the hearing room and the list that has been  
7 supplied me. If the speaker is not present when his or her name  
8 is called, then that name will be placed at the end of the list and  
9 they will be given an opportunity to testify later. Anyone wishing  
10 to speak who has not registered should register with the person at  
11 the entrance door and after hearing from those persons who have al-  
12 ready given advanced notice and who are on the list, then if time  
13 is available, we will give any other persons present an opportunity  
14 to be heard. I request you to begin your remarks by providing  
15 your name and address and occupation and who you represent if you're  
16 representing an organization or company. If you have it available,  
17 we would request that you provide a copy of your prepared testimony  
18 to the reporter for her assistance and we did ask in the news re-  
19 lease that four copies be brought of your testimony. We would ap-  
20 preciate those if you've brought them. However, that's not critical  
21 even if you have no copies, your remarks will be recorded verbatim.  
22 If you wish to submit additional written testimony, because the  
23 schedule's very tight, provide that material also and it will be  
24 marked as an exhibit and also entered into the hearing record. Un-  
25 less otherwise noted and we have in response to advanced requests,

1 given some extra time to the Kodiak Island Borough and also to  
2 the Oil and Gas Association. Remarks will be limited to ten min-  
3 utes. If you have more than ten minutes of material, please limit  
4 your spoken remarks to ten minutes and submit the rest of your  
5 remarks for the record. We will also receive written comments  
6 from parties who prefer to make written rather than oral testimony  
7 or who may not be able to be present and those written comments  
8 and statements should be addressed to the Manager of the  
9 Alaska OCS Office, Bureau of Land Management, Department of the  
10 Interior, P. O. Box 1159, Anchorage, Alaska or they may be de-  
11 livered to the Alaska OCS Office at 620 East 10th Ave. by the  
12 close of business March 14, 1980. All of the written comments  
13 and statements that are timely received will be included as part  
14 of the hearing record and will be given the same consideration as  
15 any oral statements presented at the hearing. If you wish copies  
16 of the transcript of the hearing, you'll have to make those ar-  
17 rangements with the court reporter. We're not taking any coffee  
18 breaks but there is coffee available so, members of the audience  
19 and members of the panel, if you want coffee during the morning,  
20 just feel free to help yourselves. At this time, I would like to  
21 ask those members of the panel who are here if they have any open-  
22 ing remarks they'd like to make before we begin the formal testi-  
23 mony. Jim?

24 MR. CURLIN: Yes, I would, Esther. We're most pleased to be  
25 in Alaska today. We tried to get up about a month ago but we were

1 delayed but uh, being here I think is most important, particularly  
2 for someone like ourselves who, in Washington, are quite remote  
3 from the onshore and the existing situation here in the State of  
4 Alaska and it helps us significantly in dealing with these de-  
5 cisions as they come forth on sales such as the Kodiak sale, to  
6 understand what the people in the field are thinking; what their  
7 perception is, what the real problems are in the locales as opposed  
8 to pieces of paper that are embodied in an environmental statement  
9 or something in another document. Guy Martin, the Assistant  
10 Secretary with whom I work, of course, is intimately interested  
11 in Alaska, is a continued concern for him, the future of the State  
12 and the future of the Federal activities in this area and I'm here  
13 representing him today and I can assure you that his is most in-  
14 terested in the outcome of this sale. In fact, the entire sale  
15 schedule as it impacts the Alaskan economy, the Alaskan environ-  
16 ment, so, with those very brief remarks, I'm looking forward to  
17 hearing what you folks have to say and learning a lot from you  
18 today and day after tomorrow in Kodiak. Thank you very much,  
19 Esther.

20 CHAIRPERSON: Thank you, Jim. Ray, do you have anything?

21 MR. KARAM: Please, I would echo Jim's remarks about being  
22 very very happy to be here and being able to meet with you and see  
23 what you look like and let you see what we look like. As we go  
24 through a very lengthy and we hope, a very complete process as we  
25 prepare for decisions on a particular lease sale. I represent the

1 Assistant Secretary for Policy, Budget and Administration, Larry  
2 Mirano, who couldn't be here. He is charged by the Secretary to  
3 coordinate those matters that must be coordinated within the De-  
4 partment, since a number of bureaus have responsibilities for  
5 various aspects of the outer continental shelf. As Jim said,  
6 we're very anxious and looking forward to our two days of hearings  
7 here in Alaska.

8 MR. EDDY: By now, you're probably wondering who's in charge.  
9 It is a pleasure to be here. I represent Joan Davenport who's the  
10 Assistant Secretary for Energy and Minerals and our primary con-  
11 cern is with activities that take place after leasing but we're  
12 also very concerned with how the leasing process takes place. I'm  
13 extremely impressed with the level of interest, the number of  
14 people who have signed up to testify today and in Kodiak and I  
15 give you our assurances that we will take what you say and carry  
16 it back with us and feed it into the process that will lead to the  
17 final decisions on whether or not proceed with this sale and the  
18 size of the sale once it's structured. One final note of emphasis  
19 and that is that public involvement now with the major changes  
20 of the last two years in the OCS program does not stop with this  
21 hearing here. But if the sale does proceed and we move to explor-  
22 ation and possibly subsequent development and production, there are  
23 numerous opportunities along the way and we would hope that you  
24 will continue with the type of interest that you've shown in the  
25 sale itself, working with the Geological Survey and Bureau of Land

1 Management to assure the type of process that is acceptable to  
2 you and to the environment and to the Department.

3 CHAIRPERSON: Thank you, Chuck. Joe is an Alaska Manager.  
4 Do you have anything to say from the USGS?

5 MR. JONES: I represent the Conservation Division which is  
6 one division of the Geological Survey. I'm here today to represent  
7 us in two main responsibilities that we have. One is a responsi-  
8 bility to see that the leases, when they're disposed of to the  
9 oil companies, bring a fair market value to the citizens of the  
10 United States and our second responsibility is one that's regula-  
11 tory in nature and that is that we enforce the rules and regula-  
12 tions and orders that are in place for the OCS and we're here to  
13 get all the information that we can from you people about your  
14 concerns and things on the regulatory side of the ledger and if  
15 you have questions about the evaluation section, we'd like to hear  
16 your testimony about the resource evaluation. Thank you.

17 CHAIRPERSON: Thank you, Joe. Jerry?

18 MR. REID: I'm here representing US Fish and Wildlife Service.  
19 Mr. Keith Schriner, the Area Director for Alaska and also the  
20 Assistant Secretary for Fish, Wildlife and Parks, Bob Hirst.  
21 Fish and Wildlife Service's role in this procedure is on an ad-  
22 visory capacity and we are involved with the whole procedure from  
23 the very beginning through the leasing procedure and if anything  
24 is found, on up through the exploration, production, clear to the  
25 end of the operation, our job is primarily to advise USGS and BLM



1 on those aspects of the operation that affect or come in contact  
2 with Fish and Wildlife resources and I'm sure that many of you  
3 here are very interested in this aspect and I'm very excited to  
4 be here and hear what you have to say. Thank you.

5 CHAIRPERSON: Thank you, Jerry. The first witness is Mr.  
6 David Hoopes. OCS Consultant representing the Kodiak Island  
7 Borough. Is Mr. Hoopes available? (No response) Is Mayor  
8 Alan Beardsley from the City of Kodiak here? Would you begin  
9 then Mayor Beardsley and we'll hear Mr. Hoopes as soon as you  
10 finish.

11 MAYOR ALAN BEARDSLEY: Thank you very much. It's a pleasure  
12 to be here. Ladies and Gentlemen, my name is Alan Beardsley and  
13 I'm the Mayor of the City of Kodiak. I'm here to give testimony  
14 on behalf of the City of Kodiak regarding OCS Lease Sale #46 and  
15 I would also like to make comments on Lease Sale #60. In pre-  
16 paring my remarks, I'd intended to follow Mr. Hoopes and since he  
17 is the--

18 MR. HOOPES: I'm here.

19 MR. BEARDSLEY: Excuse me. Would you like to go ahead?

20 CHAIRPERSON: Okay. Why don't you sit beside him Mr. Beards-  
21 ley and then you can give your testimony after he finishes.

22 MR. HOOPES: Distinguished panel members, Ladies and Gentle-  
23 men, good morning. My name is David Hoopes. I have been retained  
24 by the Kodiak Island Borough as their OCS Consultant to review the  
25 Draft Environmental Impact Statement for OCS Lease Sale #46 and to

1 assist the Borough in preparing testimony for this hearing. My  
2 testimony on behalf of the Kodiak Island Borough consists of two  
3 parts. During my oral presentation, I will briefly summarize  
4 several position papers I have prepared dealing with major issues  
5 and concernings we have regarding this draft. The second part in-  
6 cludes a written page by page review of the draft which I shall  
7 leave with your reporter. Before going any further, I should like  
8 to make our position perfectly clear. The Kodiak Island Borough  
9 does not oppose the concept of developing hydrocarbon resources on  
10 the outer continental shelf. We do, however, oppose Lease Sale  
11 #46 on the grounds that this draft environmental statement does  
12 not provide the high quality environmental information necessary  
13 to attain the degree of excellence required by the NEPA decision  
14 making process. We sincerely hope that the testimony we share  
15 with you during the course of these hearings will assist you in  
16 reaching that goal. Our first area of concern centers upon comp-  
17 liance with the NEPA process. We contend that this draft does not  
18 comply with the NEPA process in a number of significant respects.  
19 Perhaps the weakest point in the draft is the discussion of al-  
20 ternatives. Aside from the no sale alternative, the alternatives  
21 included in the draft represent only variations on a single theme.  
22 They do not offer a full range of alternative courses of action  
23 as directed by NEPA. CEQ Regulations direct responsible agencies  
24 to, one: Rigorously explore and objectively evaluate all reasonable  
25 alternatives. For alternatives eliminated from detailed study,

1 agencies must briefly discuss the reasons for their elimination.  
2 Two: Devote substantial treatment to each alternative considered  
3 in detail including the proposed action so that reviewers may eval-  
4 uate their comparative merits; and three: Include reasonable al-  
5 ternatives not within the jurisdiction of the lead agency. Court  
6 decisions under NEPA have established that the detailed statement  
7 referred to in Section 102 of the Act must thoroughly explore all  
8 known environmental consequences of alternatives even though this  
9 may lead to consideration of effects and options outside the  
10 agency's actual control. By failing to discuss reasonably fore-  
11 seeable impacts or by discussing those impacts in a perfunctory  
12 manner, BLM defeats the purpose of the statement and lays itself  
13 open to the charge of noncompliance of the Act. The statement  
14 shall also state alternatives considered in it and decisions  
15 based on it will or will not achieve the requirements of Section  
16 101 and 102 of NEPA and other environmental laws and policies.  
17 Lease stipulations are an additional important mechanism for mini-  
18 mizing the environmental impacts of gas exploration and development  
19 on the Kodiak OCS. And as such, the rationale of Alaska versus  
20 Andrus requires that the draft alert the decision maker to the  
21 probable effectiveness of each stipulation and to reasonable al-  
22 ternative stipulations; however, this draft makes no attempt to  
23 do this. Instead, it merely sets forth the content of each stip-  
24 ulation in a general rationale. Given the importance of the stip-  
25 ulations to the proposal, this treatment does not, in our estimation,

1 satisfy the requirements of NEPA. We also contend that any dis-  
2 cussionable alternatives must include management of the waters off  
3 Kodiak Island pursuant to other Federal Statutory schemes such as  
4 the Marine Sanctuary Act. This draft does not include such al-  
5 ternatives and on this issue, the decision of the Court and Common-  
6 wealth of Massachusetts versus Andrus is unequivocal. We contend  
7 that the draft does not adequately address the cumulative impacts  
8 of the proposed action. Especially since many points in the docu-  
9 ment, reference is made to the possibility of cumulative effects  
10 of Lease Sale #46 and 60 in concert. We believe this draft fails  
11 to consider the cumulative impacts of Lease Sales 46 and 60 upon  
12 the natural and human environments of Kodiak Island. We submit  
13 that BLM has failed to assess the proposed action for cumulative  
14 effects in direct violation of NEPA Section 102.2C4. We hold that  
15 Lease Sale 46, Lease Sale #60 associated pipelines and tanker  
16 routes and the development of onshore facilities including tank  
17 farms and LNG plants, taken as a whole, can be expected to have  
18 significant cumulative effects on the environment of Kodiak Island  
19 and its surrounding waters far in excess of the impact that would  
20 be generated by any one project standing alone. Other independent  
21 projects need not always be considered in the preparation of a draft  
22 EIS for a particular proposal. If, however, there are several pro-  
23 jects that will have cumulative effects upon a region, so that the  
24 environmental consequences of a particular project cannot be considered  
25 in isolation, the decision maker must be alerted to those cumulative

1 impacts and I refer you to Kleppe versus Sierra Club. We further  
2 contend that the draft does not adequately address the full range  
3 of impacts that might result as a consequence of the proposed  
4 action. On page 96 of the draft, the discussion of spill fre-  
5 quency estimates includes a statement that, and I quote, "In all  
6 cases tanker routes included only departures of hydrocarbon ship-  
7 ments from the Gulf of Alaska, and not arrival at the port of  
8 destination, therefore exposure to tanker spills was halved." End  
9 quote. We fail to understand the supporting rationale behind such  
10 a statement. Does this analysis assume that no risk is involved  
11 once an LNG tanker leaves the Gulf of Alaska? Simply because  
12 risks at a destination do not involve potential harm to the  
13 Kodiak environment is no reason to exclude the probable impacts  
14 from any risk analysis. Further more, the impacts associated with  
15 sale 46 do not stop until products from this lease sale reach  
16 their port of destination and are transferred to existing facilities  
17 and carriers. This EIS must address all impacts associated with  
18 a sale, not just those that may involve the Kodiak area alone. To  
19 omit such a significant area of coverage seems to us to be an  
20 oversight not consistent with provisions outlined in the NEPA  
21 process for the review and consideration of all the environmental  
22 impacts associated with the proposed action. Throughout this  
23 draft, BLM has again and again not presented the full scope of  
24 evaluation required by NEPA on the premise that their enclave  
25 approach will not, in their judgement, involve whatever impacts

1 are in question at the time. The assumption that a preferred al-  
2 ternative will be selected does not absolve the lead agency from  
3 developing and presenting all impacts associated with other al-  
4 ternatives. On page 166, for example, this document avoids any  
5 discussion of unavoidable adverse effects resulting from alternative  
6 six by advocating an enclave alternative. At this point in the  
7 draft however, it is precisely the adverse of alternative six that  
8 should be addressed. And adverse effects might include additional  
9 fire and police protection, water and power requirements, sewage  
10 and landfill needs, impacts on schools, hospital facilities and  
11 other social services. We are concerned about the effects a boom  
12 economy might have on social behaviour patterns. What will the  
13 impact be on the rate of alcoholism, child abuse, divorce, stress  
14 related health problems, incidents of battered wives, ADC case-  
15 loads and crime. Especially crimes of violence including assault  
16 and rape. These potential impacts should be addressed in detail.  
17 Instead BLM tells us they will not occur if we promote the enclave  
18 alternative. We note, with some amazement, that the no sale al-  
19 ternative includes the first, last and only reference in the entire  
20 draft to the possibility of borough residents deriving direct  
21 benefits in the form of natural gas and supposed reductions in  
22 local heating costs as a result of the sale. We submit that this  
23 reference to the availability of natural gas for Kodiak residents  
24 appearing, as it does, only under the no sale alternatives, is in  
25 direct violation of Section 40 CFR-15022F of the CEQ guidelines

1 which states and I quote, "Agencies shall not commit resources  
2 prejudicing selection of alternatives before making a final de-  
3 cision." End quote. According to these same guidelines, a final  
4 decision is considered prejudiced when an interim action, quote,  
5 "tends to determine subsequent development or limit alternatives."  
6 End quote. We contend that to infer support to the no sale al-  
7 ternative will preclude residents of Kodiak Island from the po-  
8 tential benefits of using natural gas without including this poss-  
9 ibility in any discussion of other alternatives offered, is in  
10 direct violation of the above cited CEQ guideline and therefore,  
11 violates the spirit if not the letter of the Act itself. CEQ  
12 guidelines also call for the inclusion of appropriate mitigation  
13 measures not already included in the proposed action or alterna-  
14 tives. Mitigation includes rectifying the impact by repairing,  
15 rehabilitating or restoring affected environment. On page 181,  
16 the assumption is made that during summer spill cleanup features  
17 could function near maximum efficiency because of periods of calmer  
18 states. Nowhere else in this draft is the subject of cleaning up  
19 hydrocarbon spills even alluded to. The draft does not even re-  
20 ference or describe the existing oil spill contingency plan, let  
21 alone evaluate the chances of actually containing and cleaning up  
22 a spill. We need to know just what is the capability of the govern-  
23 ment and industry to clean up a spill on the high seas off Kodiak  
24 Island. We have serious reservations regarding the ability of any  
25 agency or industry to cope with a major spill of pollutants on

1 the Kodiak OCS. BLM has included a worst case estimate of potential  
2 impacts on endangered cetaceans in this draft. However, since the  
3 draft was released some four months after the effective date of  
4 the CEQ Guidelines, we contend the worst case analysis is now in-  
5 adequate under prevailing regulations because it only considers  
6 effects on endangered whale species. Since the latest regulations  
7 are applicable to this draft, the worst case analysis must alert  
8 the decision maker to the costs of uncertainty beyond endangered  
9 whales species. CEQ Guidelines require that BLM adopt regulations  
10 supplementing the NEPA Regulations and set up procedures for their  
11 implementation no later than eight months after publication of  
12 CEQ's Regulations. The NEPA Regulations were published November 29,  
13 1978 and BLM has not yet, to our knowledge, even published pro-  
14 posed procedures. It's impossible for us to determine whether or  
15 not this draft has complied with requirements which have never, as  
16 far as we know, even been published. Any failure on the part  
17 of Interior to publish such Regulations as required by 40 CFR 1507.  
18 3(a) renders this statement inadequate. Section 1502.16(e) of the  
19 NEPA Regulations requires an analysis of the energy requirements  
20 and conservation potential of the various alternatives and miti-  
21 gation measures. This draft fails to discuss the conservation po-  
22 tential of alternatives at all. We believe such an omission renders  
23 the draft deficient with regard to the above cited Section. The  
24 draft states on page 124 that seven endangered whale species occur  
25 in the proposed Kodiak Lease area from April through November.



1 Portlock and Southern Albatross Banks are two important feeding and  
2 whale concentration areas for six of the seven species. Numerous  
3 references are made throughout the draft to adverse impacts OCS  
4 development may have upon endangered whale species. BLM concludes,  
5 on page 45, that impacts on endangered species and impacts of ac-  
6 cumulations of effluents are unknown. We share a general concern  
7 for the well being of several species of whales that frequent the  
8 waters offshore from Kodiak Island. It would appear from the dis-  
9 cussion in this draft that adverse impacts to these creatures  
10 cannot be well defined through lack of information. We do not favor  
11 any action that would further jeopardize the existence of any en-  
12 dangered whale species. Section 7(a) of the Endangered Species  
13 Acts states, in part, that, I quote, "Each federal agency shall,  
14 in consultation with and with the assistance of the Secretary, in  
15 this case Commerce, insure that any action authorized, funded or  
16 carried out by such agency does not jeopardize the continued existence  
17 of any endangered species, or result in the destruction or adverse  
18 modification of habitat of such species." End quote. On page  
19 124 of this draft, the statement is made that, quote, "In accordance  
20 with the Endangered Species Act as Amended, consultation has been  
21 initiated with the National Marine Fisheries Service." End quote.  
22 We have been advised by the Regional Director of the National Marine  
23 Fisheries Service that such required consultation has, in fact,  
24 not been initiated by BLM. We are apprehensive that this lack of  
25 communication on the part of BLM may be in violation of 40 CFR-

1 1501.6(a)(1) and Section 7(a) of the Endangered Species Act and may  
2 also indicate that BLM has neglected to fulfill the requirements of  
3 Section 7(b) of the Endangered Species Act as well. While adequate  
4 knowledge of the ultimate effects of the proposed action is not  
5 essential at this time, in fact is unavailable according to BLM,  
6 Section 7(a)(2) of the Endangered Species Act requires that inter-  
7 mediate action shall not jeopardize the continued existence of these  
8 whale species before final action is approved. Pursuing any acti-  
9 vities relating to OCS development of Lease Sale #46 without a  
10 comprehensive biological opinion scrutinizing those activities as  
11 required by Section 7(b) would constitute a flagrant violation of  
12 Section 7(a)(2), because no ground would exist for insuring the  
13 safety of those endangered whale species known to occur in the  
14 vicinity of the proposed lease sale. Such an action on the part of  
15 BLM could only be construed as both arbitrary and capricious. Our  
16 efforts to determine whether or not the biological opinion re-  
17 quired by Section 7(b) was included in this draft were hampered by  
18 the fact that the statement contains no list of Federal permits,  
19 licenses and other entitlements which must be obtained in implement-  
20 ing the proposal. Such a list is, of course, required by 40 CFR-  
21 1502.25(b). With regard to impacts on other marine mammals, BLM  
22 concludes, page 122, that, quote, "The most likely adverse impacts  
23 on marine mammals will come from human disturbance, especially air  
24 traffic during both the exploratory and development phases of OCS  
25 oil and gas activities. Harbor seal populations concentrated on

1 Tugidak Island and steller sea lions on Marmot and Sugarloaf Islands  
2 would probably be the most adversely affected. Increased mortality  
3 ty will occur along with increased stress and possible abandonment  
4 of important habitat areas. An estimated twenty per cent of population  
5 reduction could occur." End quote. The Marine Mammal Protection  
6 Act of 1972 states, Section 2(2), quote, "In particular,  
7 efforts should be made to protect the rookeries, mating grounds and  
8 areas of similar significance for each species of marine mammals  
9 from the adverse effects of Man's actions." End quote. We are  
10 intensely interested in the relationship of the impacts described  
11 in this draft with provisions for protecting marine mammals as  
12 contained in the Marine Mammal Protection Act. We view the disturbances  
13 and potential for mortalities, especially to pups, cited  
14 in the draft as direct violations of this Act should they be permitted  
15 to occur. BLM has rightfully argued elsewhere that a cost/benefit  
16 analysis is not required by CEQ Regulations. While NEPA  
17 does not require such an analysis for compliance with the Act, the  
18 Regulations do require that an environmental impact statement should  
19 at least indicate those considerations, including factors not related  
20 to environmental quality, which are likely to be relevant and  
21 important to a decision. We contend that since BLM has chosen to  
22 rely upon market value to determine whether or not an area should be  
23 developed, thus laying open the question the monetary worth of the  
24 proposed action, that it is incumbent upon BLM to at least indicate  
25 those considerations likely to be relevant and important to a decision.

1 We hold that such considerations must, of necessity, include some  
2 type of cost/benefit analysis to be consistent with BLM's own  
3 decision to rely upon market value as a measure of project worth.  
4 BLM has also argued elsewhere that the use of net energy analysis  
5 as a measure of project worth is only appropriate where BTU content  
6 is a better measure of the value of a resource than is market  
7 price. BLM claims that because net energy analyses de-emphasize  
8 or even ignore the effects a variety of factors have on the true  
9 value of resource, market value provides a better approximation  
10 of the value of the resource. BLM further claims that if the net  
11 market value of extracting and transporting hydrocarbons from OCS  
12 lands represents a net loss, then the area will not be bid upon  
13 in a lease sale. Of course, this statement is patently untrue be-  
14 cause at the time of the lease sale the resource is, as yet, largely  
15 unexplored. A case in point is Lease Sale #39 in the Northern  
16 Gulf of Alaska. Thus, whether or not leases are sold constitutes  
17 no indication of net market value. In addition, BLM claims that  
18 net energy analysis ignores the effect such factors as entropy  
19 level have on the true value of a resource; whereas, market value  
20 more closely approximates this true value figure. Unfortunately,  
21 BLM neglects to define true value so we are left in a quandry when  
22 trying to arrive at any evaluation of BLM's rationale behind  
23 equating resource worth with market value. BLM also claims that if  
24 the net energy value of developing an area represents a loss, one  
25 would still need to rely on market value to determine whether the

1 area should be developed. This conclusion is only valid, of course,  
2 if you have already accepted the premise that market value will be  
3 the deciding factor. If, on the other hand, you adopt the premise  
4 that any shortfall in net energy renders a proposed action un-  
5 acceptable, then BLM's marketing argument fails. In the final  
6 analysis, it may be far better to defer the development of OCS  
7 petroleum resources until such time as the Federal Government sees  
8 fit to adopt a national energy policy that clearly spells out the  
9 role OCS resources will play in the overall energy program for  
10 the Nation, rather than to rush into the haphazard exploitation  
11 of hydrocarbon reserves in such environmentally critical areas.  
12 In any event, Section 1502.14(2) of the CEQ Regulations for im-  
13 plementing NEPA expressly calls for the 102 process to include the  
14 energy requirements and conservation potential for various alter-  
15 natives and mitigation measures. This requirement has not been  
16 met in the draft for Lease Sale #46. We draw your attention to  
17 Section 18(a)(2)(B) of the OCS Lands Act, as Amended, which re-  
18 quires selection of proposed lease sales to be based on consider-  
19 ation of an equitable sharing of developmental benefits and en-  
20 vironmental risks among the regions. The Act clearly requires that  
21 the timing and location of sales be selected in a manner which  
22 balances the potentials for environmental damage, oil and gas  
23 discovery, and adverse impacts to the coastal zone. We do not be-  
24 lieve Lease Sale #46 represents an equitable sharing of benefits  
25 as opposed to risks nor do we believe this sale represents a balance

1 between potentials for environmental damage and adverse impacts  
2 to the coastal zone with opportunities for the recovery of signi-  
3 ficant hydrocarbon resources, as indicated by BLM's own data. We  
4 submit that to offer Lease Sale #46 for sale at this time represents  
5 a direct departure from established BLM leasing procedure that not  
6 only jeopardizes other resource values but also conflicts with  
7 BLM's established leasing guidelines. BLM Guidelines state that  
8 resource potential, economic benefits, and industry interest in  
9 exploration are key determinants of where sales should be located.  
10 The guidelines are explicit on this point but from data provided  
11 in this draft environmental statement and in the final environ-  
12 mental statement for BLM's five year schedule, we can only conclude  
13 that the Kodiak sale has a low resource potential, dubious economic  
14 benefits, and is of almost no interest to industry. The Kodiak  
15 sale ranks 19 out of 22 in industry's rating for resource potential  
16 and 21 out of 22 in industry's rating of interest in exploration.  
17 According to BLM, the Kodiak lease sale has the lowest estimated  
18 gas reserves of all fifteen regions slated for sale during the  
19 five years covered by the 1980-85 schedule. The Federal Energy  
20 Regulatory Commission states that even should the most optimistic  
21 estimates of OCS natural gas reserves prove correct, they would do  
22 very little to offset any future imbalance between natural gas  
23 supply and demand. The Department of Energy estimates that only  
24 Beaufort Sea and Cook Inlet gas production can be produced and  
25 marketed at this time. They say all other OCS gas in Alaska will

1 have to be re-injected. We are deeply concerned by BLM's admission  
2 that shipment of Alaska OCS gas by LNG tanker may require major  
3 construction of LNG receiving terminals on the West Coast of the  
4 United States and or construction of such facilities near the  
5 United States, in Canada or Mexico and I draw your attention to  
6 page 50 of the final environmental statement for the five year  
7 schedule. The statement that, quote, "Another possibility is  
8 that some LNG from Alaska may be exported in exchange for hydro-  
9 carbon imports to other areas of the United States." End quote.  
10 Is also somewhat disconcerting to say the least. We can only  
11 assume that the figures and statements presented in these documents  
12 represent the latest data and position of the governmental agencies  
13 involved since they are the most recently published reports. If  
14 this is indeed the case, then Lease Sale 46 flies in the face of  
15 all reason and logic. We simply cannot accept the potential environ-  
16 mental hazards and socioeconomic disruption this sale could harbor  
17 for Kodiak when, on the basis of the government's own analyses, it  
18 is absolutely the poorest prospect presented in the entire five  
19 year schedule! Furthermore, to even suggest that Alaskan OCS gas  
20 might be exported while, at the same time, repeatedly touting the  
21 sale as one step toward U.S. energy self-sufficiency, can only be  
22 viewed as crass hypocrisy! In closing, we can only conclude that  
23 this draft has obviously been prepared in the face of a rigorous  
24 development schedule, pre-determined by the Federal Government.  
25 We cannot view this document in any regard other than simply a

1 justification for development decisions already made. The tone of  
2 the entire draft is directed toward the needs of an agency acting  
3 as the proponent for oil and gas development and not, as should be  
4 the case, as the steward of those rich and varied environmental  
5 resources more properly managed for the benefit of the commonweal.  
6 Thank you.

7 CHAIRPERSON: Thank you, Mr. Hoopes. Any questions of Mr.  
8 Hoopes?

9 MR. CURLIN: One clarification, if I may?

10 CHAIRPERSON: Yes, Jim.

11 MR. CURLIN: With regard to the whale species that you referred  
12 to, uh, what part do they play in terms of subsistence on Kodiak?  
13 Is this a major element in terms of subsistence?

14 MR. HOOPES: No. They don't play a part in native subsistence  
15 in the Island of Kodiak. They play a real part, however in sub-  
16 sistence of all people that view those whales because they're part  
17 of the ecosystem and therefore, they are part and parcel of the  
18 entire environment with ourselves.

19 CHAIRPERSON: Mr. Eddy?

20 MR. EDDY: You referenced earlier the fact that you felt there  
21 was too much emphasis placed on the enclave approach as mitigating  
22 measure. Is that to be taken as a statement of opposition to the  
23 enclave approach or just a comment on the accuracy of the EIS?

24 MR. HOOPES: It is a comment on the accuracy of the EIS.

25 CHAIRPERSON: Any other questions? (No response) Thank you



1 very much. We are running a little bit behind. Mayor Beardsley,  
2 if you just want to...I guess you should turn those, Mr. Hoopes,  
3 turn those to the reporter if you would please.

4 (Mr. Hoopes handed documents to reporter.)

5 Okay, Mayor Beardsley.

6 MAYOR BEARDSLEY: Distinguished Panel, Ladies and Gentlemen,  
7 the Kodiak City Council has taken a position neither for or against  
8 Lease Sale #46 in the Western Gulf of Alaska which will be held  
9 in December of 1980 or Lease Sale #60 in the Northern part of  
10 Shelikof Strait scheduled for September of 1981. However, we have  
11 some commonly expressed concerns about the Draft Environmental  
12 Impact Statement for OCS oil and gas lease sale #46, to which I  
13 will be addressing my comments. My colleagues and I generally  
14 feel that the Draft Environmental Impact Statement has inadequately  
15 dealt with basic and paramount questions. First, while the im-  
16 pact statement addresses exploratory and advanced stages of de-  
17 velopment, there is virtually no consideration to the economic  
18 impacts of no oil or gas discovery in significant commercial  
19 quantity. The problem arises when you understand that the Bureau  
20 Of Land Management environmental impact statement estimates an  
21 eight per cent probability exists that commercial hydrocarbon  
22 resources will be discovered in the lease sale area. This, added  
23 together with the fact that Lease Sale #46 constitutes a geographical  
24 area matching nearly eleven per cent of all the US continental  
25 shelf lease sales currently proposed for development. To restate

1 then, we have the largest single block of lease area and one of  
2 the lowest industry priority ratings. This creates a condition  
3 where development is impossible but..development is possible but  
4 may never materialize. Indeed, exploratory work may proceed at  
5 an extremely slow pace; therefore, drawing out for a long period,  
6 the ultimate results and impacts this lease sale will have on the  
7 City of Kodiak and the Kodiak Island Borough. Now if you will  
8 hold that thought for a moment then look to the fishing industry.  
9 Understand that Kodiak and, indeed, the whole industry are in the  
10 midst of a major bottomfish development. With that development, are  
11 major corporate and economic considerations concerning placement of  
12 investments for future growth and supply a world protein. Now,  
13 this slow to no development of lease sales presents the problem of  
14 how will Lease Sale #46 impact those economic decisions at this  
15 point in time? We suggest that a situation may develop whereby  
16 our fishing industry, the mainstay of our community and the entire  
17 Borough, may be stagnated for lack of venture capital investments  
18 and general economic development. In addition, the probability of  
19 oil spills as addressed in the impact statement, the concomittant  
20 considerations of loss of fishing gear, etc. must also be considered.  
21 It is conceivable that major processing industries will make critical  
22 decisions to invest elsewhere and not in Kodiak. Particularly in  
23 the new and emerging bottomfish industry development. Often a  
24 potential problem is more of a detriment and creates more fear than  
25 the actual problem itself. We feel the draft EIS does not address

1 the negative aspects or impacts of no development or slow develop-  
2 ment. This report mainly deals with levels of activity and not  
3 with levels of inactivity after leases sales are made. For various  
4 reasons, commercial interest in Kodiak have had difficulty at times  
5 securing financing for capital projects. We would suggest this  
6 sort of activity could accelerate so that Kodiak could be virtually  
7 red-lined from financial loans and investments. We have on file  
8 at city hall, a report by the University of Colorado, the USGS in  
9 which a scenario was developed for potential 8.0 richter scale  
10 earthquake in Southern California community. This is a prediction  
11 of an earthquake and not the fact of an earthquake. In the scenario,  
12 one of the early signs is poor investment activity which ultimately  
13 leads to direct and exclusionary red-lining of any type of com-  
14 mercial or residential loan program by lending institutions. The  
15 potential of oil spills and any of the other fears that settle  
16 around oil development can have a negative impact in Kodiak just  
17 as surely as the actual occurrences could create. Secondly, in  
18 our reading of the draft environmental impact statement, we find  
19 the impacts at various stages of activity upon public services are  
20 inadequately dealt with. As Mayor of the City of Kodiak, I cannot  
21 tell you how we should plan in our budget process to meet expanded  
22 community needs within the city and adjacent road systems within  
23 the borough. What are the dollars that we can expect from various  
24 levels of activity to be spending as a municipality? I recognize  
25 that some of this is going to be the burden of the local agency to

1 define. But it seems to me that a new levy factor should have been  
2 addressed, Thirdly, it seems obvious that Lease Sale #46 and  
3 Lease Sale #60 should not be separate sales occurring at separate  
4 times. They should have been considered concurrently, at least in  
5 terms of draft Environmental Impact Statements. Both lease sales  
6 will or should impact each other and have a commonality in environ-  
7 mental impact. This is not addressed in the environmental impact  
8 report. Fortunately, one of the advantages that we of the com-  
9 munity will receive from oil development in Lease Sale #46, do we  
10 have any assurances that the product will not be pulled off our  
11 coast and containerized and shipped with our community never seeing  
12 the benefits of low cost energy, yet feeling all the negative im-  
13 pacts of oil development from population expansion to natural re-  
14 sources damage. Where do we get the guarantees that the fishing  
15 industry and shoreline and tourist side, commercial and residential  
16 will benefit from energy resources at reduced cost? What share  
17 will the petroleum industry play in mitigating some of the service  
18 needs increased activities will create? Will they be responsible  
19 for providing a tax base which can support additional police,  
20 fire, roads and other municipal services? These are some of the  
21 concerns and objections that we have to the draft environmental  
22 impact statement for OCS oil and gas lease sale #46. Thank you.

23 CHAIRPERSON: Thank you, Mayor Beardsley. Any questions?

24 MR. JONES: Mayor, I have one question. You talked about the  
25 long time involved in getting the answer for the exploratory

1 activities there. You're aware that leases are ordinarily issued  
2 for five years and during that five year period, a company must  
3 explore or the lease terminates at the end of that five years?  
4 You are aware of that?

5 MAYOR BEARDSLEY: Yes.

6 MR. JONES: Thank you.

7 CHAIRPERSON: Mr. Karam?

8 MR. KARAM: A couple of points, Mr. Mayor, if I may. First,  
9 thank you for your comments. They will be very helpful. I was  
10 a little confused on some of the things you said. Perhaps I didn't  
11 hear you correctly. Did I hear you say that potential capital for  
12 the bottomfishing industry which is just beginning in your area,  
13 is being affected by oil and gas industry? What's the relationship  
14 on that? I'm not sure I understand that.

15 MAYOR BEARDSLEY: Well, we have an analogous situation with  
16 a mountain in Kodiak and although it's been red-lined as a po-  
17 tential slide area, we're having now problems with boat harbor  
18 development and other things and we look at this--

19 MR. KARAM: At the foot of the mountain, you mean?

20 MAYOR BEARDSLEY: Pardon?

21 MR. KARAM: At the foot of the mountain?

22 MAYOR BEARDSLEY: Well, at the foot of the mountain is the  
23 entire community.

24 MR. KARAM: I see.

25 MAYOR BEARDSLEY: And we look at this as a similar situation.

1        MR. KARAM: It's not a shortage of capital. What you're saying  
2 is that it's an area that fisheries would not be willing to invest  
3 in because of interference of the oil and gas industry, is that  
4 what you're saying?

5        MAYOR BEARDSLEY: That's correct. Their alternatives now, and  
6 we look at this as a red mark on Kodiak.

7        MR. KARAM: And another one, another question, if I may, you  
8 referenced a study that you folks had done on an earthquake scenario  
9 in Sourthern California?

10       MAYOR BEARDSLEY: Used that as an example, yes.

11       MR. KARAM: And equate that to damage from an oil spill? Is  
12 that the analogy?

13       MAYOR BEARDSLEY: No, no, no. Well...there was an analogy,  
14 yes. This was the potential of an earthquake which resulted in a  
15 reduced economic investment in the community. We made it an anal-  
16 ogous situation where oil could have some adverse impact on invest-  
17 ment in the Kodiak area.

18       MR. KARAM: I would ask you one more question. Is it your  
19 feeling that development of oil and gas off of Kodiak would, in  
20 fact, destroy the fishing in that area? I ask that question es-  
21 pecially since our estimates of this primarily in gas prone area  
22 because as the environmental statement points out, the condensates  
23 have a very short life in the water. In fact, we're not looking  
24 towards the possibility of, let's say, another Santa Barbara.

25       MAYOR BEARDSLEY: Well, in my introductory remarks I said

1 that the City hasn't really addressed that, whether we want oil  
2 or no oil. We just don't feel the draft Environmental Impact  
3 statement is adequate for us to make the decisions.

4 MR. KARAM: And one last question. You mentioned that you  
5 would like to know whether the oil and gas industry will help fund  
6 community services that might be required as a result of that  
7 activity. Does the fishing industry do this now?

8 MAYOR BEARDSLEY: Yes. Not so much whether they would help,  
9 we realize they would help but whether the revenues would cover the  
10 increase in services that we'd provide, is the point.

11 MR. KARAM: For that point, I'd just make a comment for the  
12 record that the Coastal Energy Impact Program which is in the  
13 statute, the OCS Lands Act Amendments of 1978, would, in fact,  
14 be available to cover that type of activity.

15 CHAIRPERSON: Thank you. Chuck Eddy?

16 MR. EDDY: You indicated, Mayor Beardsley, that you were  
17 faced with some major planning problems for Kodiak because of the  
18 sequential nature of sales 46 and 60. Could you highlight in your  
19 view from the City's standpoint, what you would see as the two  
20 or three major difficulties that sequencing of these sales give  
21 you that might be corrected if they were handled and assessed to-  
22 gether?

23 MAYOR BEARDSLEY: Well, I think that Dr. Hoopes addressed  
24 this. I think that there could be some cumulative impact, you  
25 know, between the two and really, to take one separately out of

1 context, I think, is the problem we're having.

2 CHAIRPERSON: Thank you, Mayor Beardsley. I appreciate it.  
3 The next witness is Mr. Pete Martin of..oh. Pete is a Ms repre-  
4 senting the Sierra Club. Thank you. Welcome.

5 MS KABISCH: Thank you. Pete couldn't make it so I'm going  
6 to cover a few of the points that he asked me to make and we will  
7 be submitting a detailed written statement.

8 CHAIRPERSON: Would you state your name and address, please?

9 MS KABISCH: Oh yes. My name is Sally Kabisch and I'm re-  
10 presenting the Sierra Club and our address is 545 E. 4th Ave., #5,  
11 Anchorage. Okay. Okay. Cost of development in the Kodiak area  
12 as in other offshore areas, is extremely high. Much more expensive  
13 than the alternative of retrofitting and redirecting the economy  
14 to use less energy. This factor is very important in an economy  
15 where money to borrow is scarce and expensive. The millions in  
16 money and energy units being invested in the lease sale should be  
17 used, instead, to develop renewable energy resources like solar,  
18 wind, wave power and bio-mass, which is more cost effective in  
19 the long run. The hope of developing offshore areas in Kodiak  
20 only serves to encourage continuation of present energy waste.  
21 The Sierra Club's position on the Kodiak lease sale is that the  
22 sale should not go forward until certain inadequacies in the  
23 draft EIS are corrected. Further, the Kodiak OCS lease sale  
24 scheduled is inconsistent with completion of OCSEAP studies. This  
25 sale should not be held. In fact, the draft EIS should not even



1 have been issued until these studies are complete. As a whole,  
2 the draft EIS seems to be more a justification for the decision to  
3 lease in the Kodiak area than an honest assessment of conflicting  
4 resource values and a thorough evaluation of alternatives. The  
5 Sierra Club is particularly concerned with the onshore impacts of  
6 development in the area with regard to the Kodiak Wildlife Refuge.  
7 Some of the suggested onshore land development have been located  
8 within the refuge or on Native selected lands which are bound by  
9 the refuge rules and regulations. This citing would require a comp-  
10 atibility assessment and we believe it would be likely to be found  
11 incompatible for the purposes to which the refuge was established.  
12 Two more important habitat areas that need examination are those  
13 portions of the Alaska Marine Resources National Wildlife Refuge  
14 in the lease sale area that were included in Secretary Andrus'  
15 twenty year withdrawals. And also Tugidak Island. A bill is  
16 presently before the State Legislature to set Tugidak aside as  
17 a critical habitat area. This island is probably the most im-  
18 portant habitat for harbor seals in the State. Any analysis of  
19 oil development that affects these areas should be thoroughly  
20 studied and addressed in the draft EIS. A second major concern  
21 which we feel is not adequately addressed is endangered species;  
22 in particular, humpbacks and grey whales. Studies of potential  
23 adverse impacts on endangered species are incomplete and incon-  
24 clusive. No development should take place until we are sure  
25 endangered species will not be adversely affected. Commercial

1 fishing in the Kodiak area is a valuable renewable resource based  
2 industry. We feel the fisheries' values far outweigh the short  
3 term exploitation of this area. Alaska's developing bottom fishery  
4 was given short shrift in the draft EIS. Bottomfishing holds  
5 promising potential in the impacts of OCS development. On it  
6 merits careful consideration. Thank you. And we will submit a  
7 written statement.

8 CHAIRPERSON: Thank you very much. Any questions of Ms Kabisch?

9 MR. KARAM: I have a couple if I may. Is it your position  
10 then or the position of the Sierra Club that oil and gas development  
11 off of Kodiak would be incompatible with the fisheries?

12 MS KABISCH: Is incompatible? Uhm--

13 MR. KARAM: Your statement seemed to cast in terms of either  
14 or and not both. I wonder if that's what you're saying?

15 MS KABISCH: Well, I guess the feeling is that it is incom-  
16 patible or that we're a little uncertain that adverse impacts like  
17 oil spills are adequately addressed. So, I guess the answer is  
18 that we're not sure but we tend to think that it may be incompatible  
19 because of the dangers of an oil spill.

20 MR. KARAM: Well, I'll just mention for the record that there  
21 is a lot of evidence on the OCS, not of the American but around  
22 the world, that fisheries aren't necessarily, in fact, never are  
23 annihilated or completely destroyed or significantly affected, I  
24 might say, by oil and gas development. And one other question,  
25 Would you care to elaborate at all on what studies in the OCS,

1 environmental studies program, are not complete that should be  
2 complete or must be complete before we can proceed further? Either  
3 now or later?

4 MS KABISCH: Well, I can do it later. Should I come back?  
5 I'd have to check with Pete. I'm just giving his comments and  
6 I--

7 MR. KARAM: All right. Just submit it for the record if you  
8 would, so we can get a feel for what you feel needs to be done.

9 MS KABISCH: Oh. Okay.

10 MR. KARAM: There are a lot of studies in ongoing program  
11 that's funded every year for millions of dollars and, you know,  
12 if there's some area that you folks feel aren't adequately covered  
13 or won't be adequately be covered before decisions have to be  
14 made, we'd like to know.

15 MS KABISCH: Okay. I guess the comment that I made about  
16 the OCSEAP studies is that we just felt that we received the draft  
17 synthesis report and we just felt that that should have been, that  
18 should be completed before any of this process is even begun. Okay?

19 CHAIRPERSON: Thank you very much. Next witness scheduled is  
20 Jeff Stephan representing United Fisherman's Marketing Association?

21 MR. STEPHAN: Thank you. With your permission, I'm going to  
22 pour me--

23 CHAIRPERSON: Please do. Welcome.

24 MR. STEPHAN: Thank you. Good morning. Madam Chairman,  
25 Distinguished panel members, my name is Jeffery Stephan and I am

1 the manager of the United Fisherman's Marketing Association in  
2 Kodiak and we represent the salmon, herring, tanner crab and king  
3 crab fishermen in that area. Many members of our association are  
4 also expanding into the harvest of under-utilized species in the  
5 fisheries conservation zone of Alaska; primarily in the Kodiak  
6 area. I've approached my testimony from the standpoint of the  
7 past experience of the State and the past performance in attempting  
8 to facilitate orderly assessment and development of Alaska's pet-  
9 roleum reserves. The State is probably the closest government  
10 entity next to the Kodiak Island borough who is best eligible to  
11 assess the impact of oil and gas development on its resources and  
12 citizens. If, for no other reason than for its closeness to the  
13 problem of attempting to facilitate a fixed and predictable leasing  
14 program and the pre sale evaluation assessment and mitigation of  
15 impacts. I'm going to refer here to a policy paper from the State  
16 titled, Alaska, Goals and Policies Relevant to Consideration by  
17 the Secretary of Interior in Developing a Five Year Federal OCS  
18 Oil and Gas Leasing Program. Under a heading entitled Policy on  
19 Sequence of Oil and Gas Leasing, it says, in selecting a sequence  
20 of oil and gas leasing based on potential for major discoveries,  
21 the following policy should apply to the maximum extent possible.  
22 Number one, lease areas adjacent to producing oil fields to minimize  
23 the need for new facilities and disrupting new areas offer repeated  
24 or second generation sales in previously leased high interest areas  
25 prior to entry into low frontier OCS areas. Lease sale 46 does not

1 in my view, meet this criteria. It would uh, any exploration or  
2 production in 46 would maximize the need for new facilities and  
3 it would maximize the disruption of this area. And it could not  
4 be considered a repeat or second generation sale. It's not a  
5 high interest area. It's in fact, the low interest frontier OCS  
6 area. Number two under this heading, says, do not lease any area  
7 which are critical habitat for any endangered species or species  
8 of major economic or subsistence importance to the State of Alaska  
9 until comprehensive mitigating measures are adopted specific to  
10 resolving that resource conflict. Do not lease any tracts which  
11 would require the use of a State critical habitat refuge or sanctu-  
12 ary as a supply base, processing plant, terminal material source,  
13 etc. Again, lease sale #46 area, in my view, does not meet this  
14 criteria. There is a bear refuge on the area. There is no de-  
15 signated critical habitat but there is some area under consider-  
16 ation for critical habitat on the eastern side of the island. This  
17 area does include species of major economic and subsistence im-  
18 portance and in looking through the DEIS, I really didn't find  
19 sufficient comprehensive mitigating measures. This area does  
20 require use of a critical habitat and refuges for supply bases,  
21 processing plants, terminals, etc. Number four suggests to give  
22 preference to leasing areas which have a low physical hazard rate  
23 to minimize the chances of oil spills. I was unable to locate  
24 some actual given physical hazard rating. I don't know who de-  
25 signates these. I would say that in my view, this criteria would

1 not, has not been met because number 46, in my view, I've fished  
2 out all along that area and I know the geology just from reading  
3 past history; the earthquakes and looking at the bottom on the  
4 charts and how it's shifted since the earthquake. That's a pretty  
5 seismic area out there and it probably could be considered a high  
6 physical hazard rating. Number six under the same heading mentions  
7 only lease areas where current oil spill containment and clean-up  
8 technology is reasonably capable of containing and cleaning up  
9 maximum project spill and/or diverting it from impinging sensitive  
10 nearshore areas. And my view, again, there's a problem with this  
11 criteria being met in the 46 area. Current spill containment and  
12 clean-up technology is not available for this area; so therefore,  
13 it is not reasonably capable of containing and cleaning up maximum  
14 project spills or diverting it from impinging or sensitive near-  
15 shore areas. And, of which there are very many sensitive near-  
16 shore areas in this area. Number eight suggests lease the areas  
17 of lowest biological productivity, vulnerability and diversity  
18 first, all other factors being equal. Well, all other factors  
19 being equal, the area directly adjacent to the 46 lease sale  
20 area is one of the highest biologically productive and diverse  
21 areas in the total Gulf of Alaska. Number nine suggest lease  
22 areas of least commercial subsistence and recreational use first,  
23 all other factors being equal. All other factors being equal,  
24 this 46 area has some of the most commercial use again in the  
25 total Gulf of Alaska. And subsistence and recreation uses of the

1 east side of Kodiak Island depend directly on the productivity of  
2 this area. Under another heading in this paper titled, Policy  
3 on Bottom Fisheries Development, it suggests development of a  
4 bottom fish industry is a major goal for the State of Alaska. The  
5 development of this potential industry can and should become the  
6 backbone of a renewable resource economy. Again, the Kodiak  
7 shelf is one of the most productive areas in terms of the bottom  
8 fish renewable resource and this, of course, is substantiated by  
9 the thousands of metric tons of bottom fish that's taken out of  
10 there by foreign trollers right along the Albatross Bank clear up  
11 to the Portlock Bank and it's right in that lease area. Under  
12 the heading titled, Policy on Coastal Management it says Federal  
13 OCS leasing should occur only when district coastal management plans  
14 are in place or well under way adjacent to a proposed sale area.  
15 We have no coastal zone management plan in Kodiak at this time,  
16 nor is there one that is well under way. Under the same heading,  
17 there were some proposed amendments to guidelines and standards  
18 for energy facilities which had yet to be acted upon by the  
19 Alaska Coastal Policy Council or the Alaska State Legislature. Due  
20 to other time demands recently, I was not able to establish which  
21 of the sixteen proposed amendments had been accepted by the above-  
22 mentioned bodies; nevertheless, I consider them good direction and  
23 just will comment here on a few. Number two on this heading states  
24 that one should cite facilities to be compatible with existing  
25 and subsequent adjacent uses and projected community needs. It

1 makes good sense to me. In Kodiak there are no existing uses  
2 compatible with oil or gas development adjacent to the lease  
3 area. Subsequent uses adjacent to the Kodiak lease area involve  
4 the expansion of fisheries. Oil and gas development in the lease  
5 areas would very incompatible with the future uses of the lease  
6 area and projected community needs, especially given the amount  
7 of elbow room needed in community social demands which need at-  
8 tention just to give the proper attention to further imminent ex-  
9 pansion of our fishery resources in this area. An area probably  
10 the richest in terms of both current and intended utilization. If  
11 oil and gas development could be considered a subsequent use in  
12 this area, then why haven't our requests been heeded for better  
13 coordination, at least, or actual joining at best, of lease sale  
14 46 and 60? Number three under this last heading suggests to con-  
15 solidate facilities. Again, I refer to the lack of coordination  
16 of 46 and 60 if we are to try to consolidate facilities and, of  
17 course, that would be of benefit when you consider impact of both  
18 of these on the island. Uhm, number seven under this heading  
19 suggests cite facilities where existing infrastructure including  
20 roads, docks and airstrips is capable of satisfying industrial  
21 requirements. If you have been to Kodiak, or you will be in  
22 Kodiak, you'll know the inadequacy of our airstrips and roads  
23 there and as far as harbors go, we have a boat harbor which berths  
24 225 vessels, only approximately 170 of which house vessels over  
25 25 foot long. Only 53 of which berth vessels of 60 foot and over.



1 There are approximately 410 vessels on the waiting list for berthing  
2 facilities in the harbor. Over 100 vessels are not even on the  
3 waiting list as there is not much comfort in being number 411 on  
4 a waiting list. And also, since these vessels are mostly over  
5 60 foot long. Coupled with this, over 1,400 vessels used the  
6 harbor in 1979 and further, current projections for completion  
7 of a proposed harbor project in Kodiak gives little hope of  
8 attending to our current harbor needs before 1986 or 87. It's a  
9 real serious problem that we have there. Number ten and eleven  
10 under this heading are similar. Number ten suggests to select  
11 cites for development will require minimal cite clearing, dredging  
12 and construction in productive habitats; number eleven suggests  
13 a cite facility so as to minimize the probability along shipping  
14 routes of spills or other foreign contamination which would affect  
15 fishing grounds, spawning grounds and other biologically productive  
16 or vulnerable habitat, including marine rookeries, holding out  
17 grounds, and water fowl nesting areas. You have already heard a  
18 little but will hear more that almost every bay and cove on the  
19 east side of Kodiak Island is adjacent, which is adjacent to the  
20 lease areas is valuable spawning grounds. Herring spawn inter-  
21 tidely throughout the entire east side of Kodiak island. It is  
22 a valuable and needed resource for us. It is renewable and it  
23 fulfills many protein demands of our island people, our Nation  
24 and foreign nations also, which, of course, is a bit favorable to  
25 our balance of payment situation. Salmon spawn throughout the

1 same entire area there of the eastern shore and their small rely  
2 on food supply available in the inter-tidal area adjacent to the  
3 mouths of the many estuaries in this area. Reproductive aggregations  
4 of crab populations also occur throughout the entire eastern side  
5 of this island. You have crab potting up in the shallow waters  
6 all along the shoreline there on the whole eastern side of Kodiak.  
7 Salmon, herring and tanner crab are current important mainstays  
8 of our existence and way of life. This area's a biologically pro-  
9 ductive area to almost staggering degree and in addition, very  
10 vulnerable habitat. Number thirteen under this heading directs  
11 the cite facilities in areas of least biological productivity, di-  
12 versity and vulnerability and where effluence in spills can be  
13 controlled and contained. I've heard our Coast Guard base is  
14 about the second largest in the Country. They're an excellent and  
15 dedicated group and I say that with all sincerity but I have had  
16 personal knowledge and I've personally observed that they are  
17 hard pressed to deal with a minor effluent problem in spill in our  
18 inner-harbor facility on a calm day. They're hard pressed to  
19 handle those and I just wonder what happens when you get out there  
20 in the Gulf of Alaska. Where's the equipment and where's the man-  
21 power needed to control and contain? It's not there. I really  
22 don't believe it is. Number sixteen under this heading directs to  
23 select cites where vessel movements will not result in over crowded  
24 harbors or interfere with fishing operations and equipment. I've  
25 already mentioned the harbor situation in Kodiak. When you have

1 approximately 220 vessels fishing king crab with a hundred pot  
2 limit per vessel, you have approximately twenty-two thousand crab  
3 pots in the Kodiak area. Less than half of that amount or about  
4 nine or ten thousand pots are in the lease sale area on the eastern  
5 side of Kodiak. You have probably twice that number of pots during  
6 the tanner crab season. It is impossible to not interfere with  
7 fishing operations and equipment in this area. This is not even  
8 considering numbers or the activity of foreign trollers in this  
9 area, which, hopefully, will someday soon be replaced with our  
10 own flag vessels in that same area. And I find that just from  
11 reading the DEIS, a lot of these issues that I've brought up are  
12 not really very well attended to. Thank you.

13 CHAIRPERSON: Mr. Stephan, just to clarify the criteria  
14 you were reading at the beginning was from proposals from the  
15 State of Alaska. Is that correct?

16 MR. STEPHAN: Right. Yes. And I mentioned also my intro-  
17 duction marks that they are..I took those just because I felt  
18 they are closest to the problem and have a lot of background in  
19 this area assessing things.

20 CHAIRPERSON: Any questions of Mr. Stephan? Ray?

21 MR. KARAM: Just if we could pursue the incompatibility of  
22 oil and gas operations and fishing, we hear that from most people  
23 that testify, uh, as we've heard this morning and comments that  
24 have been submitted previously, being a fisherman, I'm sure you  
25 might be aware of the operation in the Gulf of Mexico. Their total

1 take has increased over the years and oil and gas operations have  
2 been going on for decades there where we have some two thousand  
3 plus platforms, obstructions if you like. Is there something  
4 about the area off Kodiak that makes it so much different from  
5 say, trolling in the Gulf of Mexico that the two couldn't co-  
6 exist there? I mean, the platform isn't very big. It doesn't  
7 take up a lot of the bottom?

8 MR. STEPHAN: Sure. Well, what would concern me..well,  
9 number one, the nature of the fisheries is considerably different.  
10 I think the weather to begin with, I think, is considerably  
11 different and the nature of the fisheries in that we have basically,  
12 right now, pot fishery in that area. The Americans, that is. The  
13 foreign trollers, I would say, there's far more foreign trolling  
14 activity in the Gulf of Alaska than domestic trolling activity in  
15 the Gulf of Mexico. I think that's true and also, in the Gulf of  
16 Mexico, you don't have pot fishery that you have the situated  
17 gear. The fixed gear type fishing. We have enough problem in  
18 that area with our own fishermen destroying our own gear when the  
19 weather gets bad or the fog comes down or it's raining or whatever.  
20 It's pretty difficult to pick out these bouys even when you know  
21 if you get one in the wheel it's going to cause severe damage to  
22 your packing plans and possibly the navigation of the vessel. And  
23 not to mention what possibly oil rig tenders or other rig vessels  
24 transitting to and from oil plat forms who have no knowledge of  
25 the areas where the fellows will be fishing and aren't generally

1 aware of how to look out for these pots and fixed gear.

2 MR. KARAM: So it would be generally the supply boats and  
3 the maintenance vessels, the surface vessels that would give you  
4 the problems?

5 MR. STEPHAN: I would think so, yeah. Although the vessel  
6 transitting to and from the oil rigs and exploration rigs is what  
7 concerns me. Another thing, again, the activity of the foreign  
8 trollers in that area, if it ever were to be replaced by American  
9 trollers, I think we're going to have a lot of activity out there  
10 and I didn't see very many, I might have missed it, but I didn't  
11 see any transit patterns, any type of vehicle traffic patterns  
12 that were outlined. Of course, it's a little early for that but...

13 MR. CURLIN: I was going to ask you then, if you saw a pos-  
14 sibility that if there controls on access and there were traffic  
15 patterns, if you could minimize this conflict to the extent that  
16 one might be able to balance those interests?

17 MR. STEPHAN: On the fishing grounds, I really think personally,  
18 I really think it's going to cause a problem. We have enough pro-  
19 blems just with foreign trollers cleaning out our pots and add to  
20 that then oil rigs. The other conflicts also are in boat harbors  
21 or onshore areas that, again, I don't know what kind of facilities  
22 you're going to put onshore. We're not even sure what onshore  
23 facilities are going to be needed for 60 even and it's difficult  
24 to find out to really understand what kind of traffic there's going  
25 to be to these onshore facilities and what..the conflicts not only

1 are actual physical but they're biological. Again, what happens  
2 to the inter-tidal spawning areas if there's a spill or if a  
3 vessel goes aground or what happens if you have to do some dredging  
4 or building docks or whatever. There's a lot of conflicts that I  
5 can see.

6 MR. CURLIN: You gave some very impressive numbers in terms  
7 of vessels that are docked at the Kodiak facilities. How many of  
8 those are..is it seasonal I guess, is the best way to ask the  
9 question. How many of those boats are year around residents or  
10 do we have essentially kind of a transitory situation where, you  
11 know, one species takes over so you've got a completely different  
12 fleet moving in?

13 MR. STEPHAN: Out of the fourteen hundred vessels that used  
14 the harbor last year, there's quite a few vessels that transitted  
15 through; however, there are 225 stalls that are full. There's  
16 probably 350 vessels or 320 vessels in that range, in the harbor  
17 at all times that are permanent residents and you have another  
18 over 400 that are on the waiting list that are there all the time.  
19 So, the people that fish king crab and tanner crab are residents.  
20 They live there..most, the majority, 90 to 95 percent are residents.  
21 The salmon vessels are there all the time. There's limited entry.  
22 There's four hundred and some permits. The vessels are there. The  
23 people might leave but the vessels are there.

24 MR. CURLIN: Could you foresee at all, any plus side of the  
25 oil fish equation in terms of say, harbor facilities? I mean,

1 obviously building a harbor is an expensive proposition and I know  
2 you've been hard pressed to get any kind of input from the govern-  
3 ment in the past to take care of any kind of development program  
4 you might have on the horizon. In the event that oil and gas  
5 development took place however, do you see any plus side where  
6 that would actually enable you to develop some harbor facilities  
7 that you couldn't see as a possibility with, you know, just the  
8 raw kind of fish economy, let's say?

9 MR. STEPHAN: I really can't comment. I don't know enough  
10 about what, what you're suggesting. I don't quite understand--

11 MR. CURLIN: I'm not suggesting. I'm merely asking whether  
12 or not there's a possibility that oil and gas might give the  
13 economic incentive necessary to put major investments in harbor  
14 facilities, that you can't quite accomplish under your present  
15 situation?

16 MR. STEPHAN: I suppose that is a possibility, however, Kodiak  
17 is the second largest fishing port in the Country and if we haven't  
18 had enough political reason to get any push from Washington to get  
19 any harbor, or the State to get harbor facilities, I don't know  
20 whether oil and gas are going to help out that much. Unless they  
21 completely want to replace the fishing, in that case. But--

22 MR. KARAM: No, I think Jim is suggesting not so much political  
23 clout as economic clout.

24 MR. CURLIN: You know, I'm sympathetic as the dickens with  
25 your problem of fishery development because in an earlier incarnation,

1 I was over at the Department of Commerce and one of the efforts  
2 that I tried to participate in at the Secretary level was fishery  
3 development program which really centered on the bottom fishing  
4 sector of the Alaskan economy. So, I'm sympathetic with your needs  
5 for harbors and for any kind of conflict you might run into in  
6 development of resources. Incompatible resources or where conflicts  
7 arise. So I was just wondering if there was a plus side because  
8 I know the problems you've been up against in getting the attention  
9 of the Federal Government to develop your harbor facilities. That's  
10 the only reason I asked the question.

11 MR. STEPHAN: Yeah. Thank you.

12 CHAIRPERSON: Jerry?

13 MR. REID: Yeah. You mentioned, correct me if I'm wrong. Did  
14 you say that critical habitats have been established on these cites?

15 MR. STEPHAN: No. They have not been established but there  
16 are some areas that are being considered critical habitat.

17 MR. REID: This would be State program?

18 MR. STEPHAN: State program. Yes.

19 MR. REID: In a general way, do you know where those are?

20 MR. STEPHAN: One definite one is Tugidak in the southern  
21 part of the island and I understand there's someplace around  
22 Alaktak, north between Alaktak and Sitklitik that, I think, has  
23 been discussed. I don't know if there's a bill in the State  
24 Legislature for that or not.

25 MR. REID: Thank you.



1        MR. EDDY: I just have one follow-up. It's been a very very  
2 helpful statement, by the way. Uh, on the conflict between vessels  
3 and pot fishing, how much of what you experience now in the way  
4 of conflicts with trawling and pot fishing is due to the gear it-  
5 self or the crab? Do you have a rough idea? Just to get some idea  
6 of what would happen if you added X number of additional service  
7 boats for--

8        MR. STEPHAN: I'm sorry. I didn't understand...

9        MR. EDDY: How much of that problem is based on the gear  
10 itself, the trawling gear interfering with pots and how much is  
11 directly a vessel problem with the vessels themselves?

12       MR. STEPHAN: The pot fishing vessels themselves?

13       MR. EDDY: No, the trawling vessels or other vessels inter-  
14 fering with the pots?

15       MR. STEPHAN: Well, right now that's about the major problem  
16 we have, is our own fishing vessels transitting to and from the  
17 fishing grounds destroying our own gear and also with foreign  
18 trawlers destroying our own gear. I don't know of many other  
19 problems that exist other than that.

20       CHAIRPERSON: Thank you, Mr. Stephan.

21       MR. STEPHAN: Thank you.

22       CHAIRPERSON: The next witness is Mr. Hank Pennington re-  
23 presenting the OCS Advisory Council in the Kodiak Island Borough.  
24 Welcome.

25       MR. PENNINGTON: Thank you.

1        CHAIRPERSON: Thank you for turning those lights off. It's  
2 getting pretty warm up here.

3        MR. PENNINGTON: Before beginning my testimony, I've got to  
4 include a comment based on some previous questions. The statistics  
5 in the Gulf of Mexico regarding the interaction of trawl fleets  
6 and the oil gear are very misleading because during the period  
7 when the oil development activity was growing the fishing fleet  
8 was growing in terms of the type and size of vessel and range of  
9 vessel. During that same time period, the vessels in that fleet  
10 extended off of South America off the Yucatan Penninsula far out-  
11 side of the oil lease areas, landing their catch back in the tra-  
12 ditional ports. It's very difficult..

13        CHAIRPERSON: So you're saying that the increase in fishing  
14 in the Gulf of Mexico, if I understand you correctly, was due to  
15 increased efficiencies of the fishing industry rather uh..

16        MR. PENNINGTON: Efficiencies and range.

17        CHAIRPERSON: And range.

18        MR. KARAM: May I just make a comment on that? I agree with  
19 you that it's very difficult to sort out the statistics because  
20 there has been an increase not only in the amount of fishing not  
21 only in terms of vessels but also in the capability of vessels  
22 themselves and they've also gone into other species as Alaska  
23 fisheries are doing over time. That's the only point I wanted to  
24 make. The question I wanted to ask was that in spite of the dif-  
25 ficulty, there didn't seem to have been a measureable or demonstrable

1 adverse affect on the fishery due to the oil and gas operations  
2 and I was wondering if there was something peculiar about off-  
3 shore Kodiak that would cause us to believe that the same condition  
4 couldn't evolve there if we had oil and gas operations, you would  
5 also be able to have increased fishing vessels capability, in-  
6 creased number of vessels, increased catch brought to the port,  
7 etc., etc.?

8 MR. PENNINGTON: I think for that, you've got to go to the  
9 type of vessel or not..I said vessel. I was referring to the  
10 development vessel. Some are submersible rigs or anchored ships  
11 off Kodiak Island and you're talking one mile radius on anchor  
12 lines. By the nature of the way and depth that we're dealing  
13 with out there, and the nature or means by which they prefer to  
14 develop or explore for oil on the edges of the structures. Those  
15 same edges are the specific portion of the bottom of the ocean  
16 that attract fish species because of the basic oceanography. Rather  
17 than drilling on top of a structure, you locate the oil rigs around  
18 the edges of it. Around the edges of those same structure, be it  
19 Port Log banks or Albatross banks, are the places where the fish  
20 species congregate and a series of drill rigs out there with the  
21 anchor lines, particularly in a trawl fishery, would cause con-  
22 siderable dislocation.

23 MR. KARAM: I think only one observation. I'm not a geologist.  
24 My only experience with drilling on the edges of structures have  
25 been salt domes which is the predominate structure in the Gulf of

1 Mexico, which I don't believe is the case, the geology of this  
2 part of the world.

3 CHAIRPERSON: Chuck, did you have a question?

4 MR. EDDY: Just in case you weren't planning to, would you  
5 tell us a little bit about the OCS Advisory Council--

6 MR. PENNINGTON: All right. I was hoping to get back to  
7 my testimony. (laughter) Okay. As I said before, I'm Hank Penning-  
8 ton, Chairman of the OCS Advisory Council for the Kodiak Island  
9 Borough. I'd like to preface my comments on the DEIS for lease  
10 sale #46 with the following background. The OCS Council was ap-  
11 pointed by the Borough Assembly in 1976 to prepare the administration  
12 and people of the borough for proposed lease sale #46. In the four  
13 years since its formation, the OCS Council, its fifteen members  
14 representing all facets of the borough, has assumed a constructive  
15 stance regarding the potential for offshore hydrocarbon development.  
16 Recognizing the National mandate for development of domestic energy  
17 resources plus the diverse borough population, including both  
18 opponents and proponents of the development, the borough and the  
19 OCS Council has worked to find a means to accomodate oil and gas  
20 development should it happen without disrupting the local economy.  
21 We advocated neither for nor against offshore development. From  
22 this perspective, we've worked with BLM in the effort to prepare  
23 for lease sale #46. It is in this light that we reviewed the  
24 draft statement. Please do not view our criticism of this document  
25 as criticism of the individuals in the Bureau of Land Management

1 interfacing directly with Kodiak. Over the four years since the  
2 call for nominations we have developed considerable respect for  
3 those individuals within the agency and their professional abilities.  
4 Our criticism is directed at the agency, its guidelines and the  
5 process that led up to the production of this DEIS in the absence  
6 of a National energy policy. The DEIS for lease sale #46 falls  
7 short as serving as a tool for objectively deciding the advisability  
8 of conducting a lease sale. Neither does it objectively present  
9 lease sale #46 as a servant of the Nation's needs nor does it pro-  
10 vide a reasonable perspective of the alternatives for developing  
11 potential energy resources off Kodiak Island. While lease sale  
12 #46 holds only a small fraction of the total oil and gas reserve  
13 housed in the United States' outer continental shelf, the limited  
14 alternatives in the draft guarantee disruption of the economy and  
15 physical environment of the second largest fishing port in the  
16 Nation. The alternatives presented in the DEIS by no means re-  
17 present a full scope of the actions possible for the development  
18 of any energy resource in the area. Neither do they address the  
19 alternative energy sources and conservation measures available to  
20 the Nation in lieu of developing the mineral resource in the area.  
21 In considering the potential impact of any of the proposed develop-  
22 ment alternatives described in the DEIS, that document fails to  
23 adequately define the social, economic and physical environment  
24 of Kodiak realistically. Therefore, neither are there potential  
25 adverse impacts adequately described nor realistically weighed

1 against the potential benefits of development under each alterna-  
2 tive scenario. While extensive data exists today which were not  
3 used in the preparation of this draft, even more data are to be-  
4 come available in the immediate future. In the latter case, I  
5 refer specifically to the socio-economic studies and the outer  
6 continental shelf environmental assessment program studies which  
7 were contracted at considerable public expense, yet were not con-  
8 cluded in such a timely manner as to provide meaningful input into  
9 the DEIS for lease sale #46. We feel that if the data were worth  
10 paying for, they were most certainly worthy of the coordination  
11 necessary to insure they're inclusion into this draft. Of greatest  
12 concern to us are the cumulative impacts of proposed lease sale  
13 number 46 on the east side of Kodiak Island and lease sale number  
14 60 which extends down the west side of Kodiak Island Borough in  
15 the Shelikof Strait. While these two lease sales are scheduled  
16 only a year apart, virtually surrounding the borough, their com-  
17 bined impact is so lightly brushed over in the DEIS as to imply a  
18 lack of concern on the part of BLM. While the Kodiak Island Bo-  
19 rough Outer Continental Shelf Advisory Council has, as a body,  
20 never opposed leases sale number 46 as a means of broadening  
21 Kodiak's economic base, our review of the DEIS convinces us there  
22 is only one alternative which reasonably assures the longterm  
23 economic health of the borough. No sale. We recommend that the  
24 DEIS under consideration be withdrawn due to its grave deficiencies  
25 and further, that lease sale number 46 be delayed until a DEIS

1 adequately dealing with it can be prepared. While our criticism  
2 of this DEIS and our recommended changes might be answered pro-  
3 cedurally by their inclusion in a final environmental impact  
4 statement, we do not feel this is a reasonable solution for the  
5 identified inadequacies of the document. The uncertainty of the  
6 nature of the resource in the lease area combined with the grave  
7 potential for cumulative adverse impacts to highlight the need  
8 for further public hearings. This need is not met if necessary  
9 changes are accomplished through the issuance of an FEIS. The  
10 gross deficiency of this document cry out for public review and  
11 hearings on further documents produced in preparation for lease  
12 sale #46. Thank you.

13 CHAIRPERSON: Any questions for Mr. Pennington? You're  
14 recommending at least, public hearings on the final environmental  
15 impact statement?

16 MR. PENNINGTON: If that's necessary to all our further  
17 public review and comment.

18 MR. KARAM: I have one question. I've seen that statement  
19 a number of times. No sale as far as the borough is concerned  
20 and I don't know if I've ever seen it from the city but from the  
21 borough and yet, everyone seems to preface their remarks by, we  
22 have no objection or we have no position as to our position to  
23 the sale. I have a hard time trying to..I think that's the way  
24 you started your comment as well. What is it exactly that you're  
25 saying to us? Are you saying that you don't ever want a sale or

1 you don't want a sale within our lifetime, uh...?

2 MR. PENNINGTON: We called for in the public hearings in the  
3 DEIS for the five year lease schedule, for delay into the 1985 to  
4 1990 time frame with, at the least, coordination of 46 and 60, if  
5 not the combination of the two lease sales into a single lease  
6 sale in that time frame.

7 MR. KARAM: Your no sale means delay sale? Is that correct?  
8 I mean, is that fair?

9 MR. PENNINGTON: No sale in the terms laid out in the DEIS.  
10 We want to see this redone.

11 MR. KARAM: Well, the DEIS has as one of its alternative,  
12 no sale. Is that the alternative that you people are advocating?

13 MR. PENNINGTON: Within the conditions laid out in that DEIS,  
14 that's the ONLY alternative we feel is viable to the long term  
15 economic health of Kodiak.

16 MR. EDDY: Is that primarily because of the cumulative impact  
17 analysis or are there other overriding concerns?

18 MR. PENNINGTON: If I may elaborate, you may regret it, uhm,  
19 we're concerned of the sensitivity of our fishing industry. You've  
20 heard comments about lack of facilities. Okay. Also, in short  
21 supply and I'm edging over into another person's comments, but, is  
22 semi-skilled labor force that would be necessary in any construction  
23 development phase. Also in shortage is housing for which people  
24 working in the canneries at less than construction wages, have to  
25 compete in the community. It's our very serious concern that if



1 the lease sale is not coordinated carefully with the community,  
2 the processing plants will lose their labor force through competi-  
3 tion for housing and labor, primarily. These same companies, for  
4 the most part, have facilities in Seldovia, Homer, Cordova, Seward,  
5 Sand Point, Chignik, all within the normal cruising range of  
6 Kodiak vessels. In the development of the terminal at Valdez, one  
7 processing company there was forced to close down for exactly the  
8 same reasons. His machinery ended up in Kodiak. Vessels from  
9 Kodiak went and fished the Valdez area and returned to Kodiak  
10 with that catch. It's not far fetched to assume that that can  
11 happen in a boom bust situation with the oil industry. It's a  
12 very grave potential. The limited facilities in the harbor should  
13 development occur anywhere on the north end of the island or the  
14 construction, if any construction is coordinated out of there,  
15 which is the only major harbor right now on the island, uhm, I  
16 don't think the fishing industry would compete very well with the  
17 oil industry for those limited facilities. We have shown you that  
18 in the 1986, 1987 time frame we anticipate completion of additonal  
19 harbor space where this won't be a problem. Basically, what I'm  
20 sayin is that Kodiak is in the process of getting our act together  
21 but we've got a ways to go. We're developing the paperwork so  
22 we can start our coastal zone management plan. We have a bottom  
23 fish industry that is on shakey legs but it's growing. And that  
24 bottom fish industry will be on the grounds with the oil industry  
25 and they depend on skilled labor. People that require three to

1 from town counts.

2 MR. JONES: Thank you. I wanted to clarify why you were really  
3 interested in having 60 and 46 together.

4 MR. PENNINGTON: Well, from our viewpoint, as a community,  
5 we have to deal with 46 and 60 together in terms of planning. It's  
6 our firm belief that the oil industry would not consider building  
7 an LNG plant for 46 and an LNG plant for 60. They would have one  
8 common plant to serve both and unless we can look at the resource  
9 in both areas simultaneously, there's no way to anticipate overland  
10 pipeline, which again, coastal zone management community planning.  
11 There's a wealth of reasons from a community standpoint and I be-  
12 lieve from the oil industry's standpoint to work together on the  
13 sales, hopefully, so we'll only have one DEIS to combine them  
14 with.

15 MR. JONES: All right. Thank you.

16 CHAIRPERSON: Thank you, Mr. Pennington. The next witness  
17 is Mr. Tom Peterson. We are running about twenty minutes behind  
18 our schedule and Mr. Peterson also represents the OCS Advisory  
19 Council.

20 MR. PETERSON: Thank you. Good morning panel. Mr. Pennington  
21 spoke briefly about competition in labor force procurement between  
22 the fish industry and the oil industry. I wish to elaborate on  
23 that theme. Compatibility between the well established Kodiak  
24 seafood processing industry and oil and gas industry has been an  
25 important issue that's been approached while addressing the

1 alternatives listed in the draft environmental impact statement  
2 for lease sale 46. With exhausting effort, this approach was  
3 merited to the degrees of impact given to the commercial fishery  
4 section listed numerously throughout the text. After careful  
5 study, the Kodiak Outer Continental Shelf Advisory Council cannot  
6 find any compatible relationships between these lucrative industries  
7 whatsoever from the information given in the DEIS. In the legal  
8 mandates and authority section, excuse me, of the DEIS, questions  
9 of economic magnitude are briskly brushed over in the ambiguous  
10 guidelines set forth under the establishment of compensatory  
11 funds. One is to ask, that in case of a large scale oil spill,  
12 how will natural resource loss be quantified then assessed for  
13 value when that claim is submitted from those who received earnings  
14 from activities using these resources? Also, how long would such  
15 an endeavor of this scale partake and what provisions provide for  
16 additional downtime loss of a production season? These questions  
17 are not expressly answered in this document. A shortsightedness  
18 which seems to be unimportant to address in this draft by BLM.  
19 The seafood processing industry is not only concerned with the  
20 highly probable occurrence of a destructive oil spill onto the  
21 natural resources which provide sustenance to this vital industry,  
22 but to the eventual hardships of the labor force competition as  
23 a result of oil and gas development. As stated in the DEIS, minor  
24 impact to employment prevails in enclave and non-enclave develop-  
25 ment scenarios of all alternatives except the no sale alternative.

1 It should be noted that the authors of the computations to figure  
2 employment growth explain that the representative figures do not  
3 take in account a secondary labor demand. This demand is the  
4 basis for argument on compatibility for these two industries. When  
5 pre-production period construction of oil facilities begin, local  
6 labor will most likely be scouted to fill the demand. When this  
7 occurs, the food processing labor force will be the labor pool  
8 from which semi-skilled workers can be obtained. A strong majority  
9 of the seafood plant workers have semi-skills in construction,  
10 carpentry, plumbing, electrical and mechanics. The seafood  
11 industry has relied on this type of labor force that has filtered  
12 into the Kodiak area for the last twenty years. A direct exhaustion  
13 of the processing labor force, especially in the maintenance field,  
14 will be the first to be swayed by higher wage earnings offered in  
15 the construction phase of oil and gas development. Then, ac-  
16 cordingly, direct depletion of the processing labor force will  
17 follow. Unfortunately, because of the lesser wage that can be  
18 offered by seafood plants, this industry will be hard pressed  
19 for labor in maintaining successful production seasons. If a  
20 large migratory pattern should prevail as it did during the  
21 Prudhoe Bay development, as did in Anchorage, and Kodiak receives  
22 an influx of a large amount of labor potential, the risk in train-  
23 ing people in the seafood processing area only to lose them perhaps  
24 at a later date to oil development, is a risk that cannot tolerate  
25 itself for any length of time. High turnover rate in employment

1 in the seafood industry would triple with the conditions afore  
2 mentioned. This problem would severely attack existing fisheries  
3 but what about the burgeoning bottom fisheries? Kodiak is at this  
4 time, the only community in Western Alaska to make a substantial  
5 effort in developing the bottom fish industry. The risk of such  
6 an endeavor normally falls upon the shoulders of those who fish  
7 but also on those that produce this resource. Unlike shellfish,  
8 bottom fish processing is a much more intricate operation. The  
9 processing industry will have to financially endure training pro-  
10 grams to familiarize laborers to become skilled in the operations  
11 of processing raw fish into a comparatively high quality food.  
12 This, of course, is somewhat facilitated by expensive machinery  
13 but proper training in the operation of highly technical machinery  
14 and meticulous trimming and finishing must be achieved in order  
15 to successfully compete in a world market. This type of product  
16 has a very low profit margin. So, consequently, high volume inter-  
17 ceded with high quality must be insured for a profitable invest-  
18 ment. High volume, high quality are established in time. Time  
19 that apparently can be robbed by the strong demand for labor by  
20 oil and gas development. The oil industry has within its being,  
21 to create severe detrimental and adverse impacts on an industry  
22 that relies on an illusive fish resource. Competing not only  
23 with labor but with water, sewer and electrical demands, it seems  
24 evident that the seafood processing industry could lose a great  
25 deal and gain very little. A potential loss that could possibly

1 break the economic backbone of the Kodiak fishing community.

2 Thank you. Are there any questions? Yes Sir?

3 MR. KARAM: I wish you would, if you could please, expand a  
4 little bit more on this effect on the local labor force. I got  
5 the impression in reading through the EIS and similiar documents  
6 such as the document for the first lease sale, Gulf of Alaska  
7 sale 39 in 1976, that the call on local labor force would be quite  
8 small and I notice, I don't know if these tables are correct, but  
9 projected OCS related employment never exceeds 172 people and is  
10 closer to 100 people. Would 100 people make that much of a..I  
11 mean, would that destroy the fishing industry in Kodiak if 100  
12 people were shifted from one industry to the other?

13 MR. PETERSON: But addressing at that..is their primary labor  
14 demand is not listed, is for pre-construction period or pre-operationa  
15 period.

16 MR. KARAM: Okay. What are we talking about there?

17 MR. PETERSON: I'm talking about the construction period for  
18 let's say, on-site development. A large resource in semi-skilled  
19 labor is in Kodiak. A lot have filtered down from the Anchorage  
20 area during the boom bust situation they had here. A lot of  
21 them have filled into the processing jobs. These people definitely  
22 want to get back into the oil industry since primarily that was  
23 their reason for coming to Alaska. I'm sure that the oil companies  
24 would definitely want to receive as many people from the local  
25 community instead of importing. I mean, economics is there, the

1 reason why they would want people from the local standpoint.

2 MR. KARAM: So you're talking about the construction facilities  
3 that will drain this..

4 MR. PETERSON: Construction, yes Sir. I would presume to  
5 say that during the operational period that most of their onshore  
6 development will be into a robot state, just much as it's like on  
7 Kenai and Homer area where it just takes a few people to operate  
8 a large complex. Yes Sir?

9 MR. EDDY: And your feeling on the EIS in that regard is that  
10 it didn't portray that sequencing in a way that--

11 MR. PETERSON: That is correct.

12 MR. CURLIN: What is your level of unemployment? You know,  
13 we get all kinds of feedback down in the Lower '48 about the  
14 employment situation in Alaska. I'm not familiar currently with  
15 just how, what the status is, say, statewide, of this labor pool  
16 that has remained behind that were either pipeline oriented or  
17 oil oriented? What does it look like now?

18 MR. PETERSON: Well, Sir, I really couldn't make any factual  
19 statements on it. Some type of percentage, I wouldn't know. There  
20 seems to have been a large influx into the area of Kodiak during  
21 the boom period and also during the bust period of the Prudhoe  
22 Bay development. Our populations as stated in the DEIS has in-  
23 creased dramatically during those periods. So, I would say a  
24 large percentage of out of town people, not of the Kodiak Island  
25 have uh, have come to Kodiak in order to look for jobs.

1        CHAIRPERSON: Are you saying that in addition to the people  
2 who might actually be used in the oil industry, that just the  
3 development itself would attract a number of workers to the com-  
4 munity that would compete with your processing workers?

5        MR. PETERSON: Pragmatic statement, but I believe it's correct.

6        MR. KARAM: One last question. Would you hazard a guess as  
7 to the net economic impact on the area would be in the event that  
8 there was oil and gas? Would it be a net plus economic impact,  
9 leaving aside for a minute the impact on industries that would have  
10 to make adjustments if there was this drain of the work force, for  
11 one employer to the other. Is it your view that the net economic  
12 impact in the area would be negative?

13       MR. PETERSON: I think in the first projection of development,  
14 yes, I believe, I would say it would be a negative impact.

15       CHAIRPERSON: Okay. Any further questions? Thanks, Tom.  
16 I'm sorry to move this along, Mr. Bob Peterson representing Kodiak  
17 Native Association? Welcome. Go ahead, Bob.

18       MR. BOB PETERSON: I'm Bob Peterson. Economic development  
19 planner for the Kodiak Area Native Association in Kodiak. This  
20 testimony is offered for consideration at the public hearing in  
21 Anchorage, Alaska, March 4. The Kodiak Area Native Association,  
22 KANA, is a non-profit corporation, incorporated under Alaska State  
23 Law in 1966. Its purpose is to promote pride on the part of the  
24 Natives of Alaska in their heritage and traditions; to preserve the  
25 customs, folklore and art of the Native races; to promote the



1 physical, economic and social well-being of the Natives of Alaska;  
2 to discourage and overcome racial prejudice and inequities which  
3 such prejudice creates and to promote good government by reminding  
4 those who govern and those who are governed of their joint and  
5 mutual responsibilities. KANA has played an integral part in the  
6 social and economic development of the six major village communities  
7 on Kodiak Island. As a tribal organization, KANA offers direct  
8 services, advocacy, development planning, training and technical  
9 assistance to its members in the areas of health, manpower, educa-  
10 tion and community development. The Kodiak Area Native Association  
11 Community Development and Planning Division concentrates on the  
12 planned economic and social development of the villages. This  
13 division helps to direct rural low-income village involvement in  
14 decision making processes and helps to promote smooth accommodation  
15 of economic development, natural resource protection and sub-  
16 sistence lifestyle preservation. The KANA Overall Economic  
17 Development Program, OEDP, committee is comprised of one re-  
18 presentative from each of the six primarily native villages on  
19 the island. This committee works to coordinate and chart the  
20 various activities undertaken within those six major villages to  
21 stimulate new private and public involvement and to provide perm-  
22 anent employment and growth opportunities in the village. The  
23 annual OEDP report developed by the committee is the record of  
24 their planning efforts. The annual report aims at guiding infra-  
25 structure development. It is not geared to accommodating large

1 scale development impacts. The future of economic and community  
2 development in Kodiak Island villages lies in small economic  
3 enterprises that utilize available and TRADITIONAL resources. The  
4 idea of oil as an economic resource is not paramount in village  
5 minds, however, if oil development occurs, villages will naturally  
6 attempt to benefit from the introduction of a new industry. We  
7 fully recognize that the DEIS is not a planning document; however,  
8 the impacts stated in the draft have to be used by agencies such  
9 as KANA for future development planning. The draft environmental  
10 impact statement does put mitigating measures into its evaluation.  
11 The DEIS, for example, discusses the Fisherman's Contingency  
12 Fund as a mitigating measure for gear loss and the Fisherman's  
13 Compensation Fund for fishery losses. The DEIS then requests  
14 US to suggest other mitigating measures. It would be beneficial  
15 for the DEIS to suggest mitigating measures for such areas as  
16 subsistence impacts. The DEIS suggestion that enclave development  
17 mitigates the adverse impacts to the City of Kodiak is not sound.  
18 As the adverse environmental and socio-economic impacts are much  
19 too large for this to be an only solution. The DEIS fails to  
20 adequately discuss how the impact of enclave development in  
21 the rural Kodiak Island area can itself be mitigated. Assuming  
22 enclave development, the draft environmental impact statement  
23 fails to discuss how, for example, a new community of one thousand  
24 people will affect service delivery for the rest of Kodiak Island.  
25 What will that development do to the air transportation and air

1 taxi service? Will the other villages be ignored in this regard  
2 when all air charters are being pulled to the lucrative oil accounts?  
3 How will a new community of this size effect the changing Fish  
4 and Game Regulations regarding subsistence and small boat opera-  
5 tions? The draft environmental impact statement leaves many  
6 questions unanswered. Because of the above socio-economic questions  
7 and impacts, and because of the important adverse environmental  
8 impacts, the no sale alternative is recommended. The Kodiak Area  
9 Native Association, in executive board action on January 19, and  
10 in full board of director's action on February 12, decidedly sup-  
11 ported the no sale alternative. This decision was based on the  
12 adverse environmental effects, particularly to the commercial  
13 fishery activities; the adverse socio-economic and socio-cultural  
14 impacts to the small boat subsistence lifestyle and the non-  
15 compliance to the BLM/OCS Lands Act Policy enacted in 1953 and  
16 amended in 1978. Kodiak Area Native Association staff members  
17 who will be testifying later at this hearing will elaborate on  
18 these points. Attached to this testimony are copies of the  
19 Kodiak Area Native Association Overall Economic Development report  
20 and minutes of the board of director's actions as referenced above.  
21 Thank you very much.

22 CHAIRPERSON: Thank you, Bob. Any questions of Mr. Peterson?

23 MR. KARAM: Yes. Just for purpose of the record and because  
24 I'm getting confused with numbers now, you mentioned a thousand  
25 people in the OCS enclave.

1        MR. PETERSON: Assuming that there would be an enclave de-  
2 velopment, it is possible that possibly a thousand people, which  
3 includes dependents of support service people, in other words,  
4 a new community. An additional community.

5        MR. KARAM: Okay. Let me see if I have this correct. I  
6 want to make sure that the record reflects as best we can, good  
7 planning and good projection. The EIS calls for projected OCS  
8 related local employment..well, projected enclave OCS related  
9 employment..there's a column here by years and I'm looking at  
10 page 128 of the document for the proposal which would be alternative  
11 one, which never exceeds 452 in 1985 and then diminishing to 223.  
12 Now, you're saying that, that there's a two to one ratio then as  
13 part of the enclave is concerned and that's how you got to your  
14 thousand?

15        MR. PETERSON: I believe so, Sir. Looking at it from the--  
16 yes, with the effect of families, support services, it discusses  
17 mud supply services that are needed and so forth and so on. So,  
18 we would expect or we would want to be able to look at some type  
19 of number that we could adequately plan for in terms of the overall  
20 borough scope.

21        MR. KARAM: Just for the purposes of making sure that the  
22 record reflects what you're trying to say, are you saying that the  
23 borough of Kodiak would in some way be called on to support a new  
24 village or new enclave or new city or whatever of a thousand  
25 people.

1        MR. PETERSON: I would say that enclave development would  
2 imply approximately a thousand people.

3        MR. KARAM: And the affect of that thousand people on the  
4 Kodiak borough would be...?

5        MR. PETERSON: I believe that the draft environmental impact  
6 statement does not adequately address what the, how the direct  
7 services to the rest of Kodiak Island would be affected.

8        MR. KARAM: Okay. Does your written testimony go into any  
9 details on how you arrived at this number?

10       MR. PETERSON: Our written testimony will, Sir.

11       MR. KARAM: Thank you.

12       CHAIRPERSON: Thank you, Bob. Any more questions of Mr.  
13 Peterson? Would it be a good procedure, I notice that we have  
14 KANA representatives from Pt. Lions, Old Harbor, Kodiak and  
15 Karluk as well as the Mayor of Ozinkie scheduled for hearing be-  
16 fore the noon hour. Would it be possible for the KANA representatives  
17 from Pt. Lions and Old Harbor and Karluk, maybe, to come up as  
18 a panel and testify? You'll each be given your separate time. Is  
19 that not possible? Okay. So that would be Mr, Wakefield, Ms  
20 Pestrikoff and Mr. Lind. Thank you.

21       MR. WAKEFIELD: Ladies and Gentlemen, I'm Dave Wakefield.  
22 I'm on the KANA OEDP committee and I'm representing the village  
23 of Point Lions. I'm also employed there as the city clerk, Tribal  
24 clerk of the village. First off, I don't like to be critical but  
25 I think this room's awful small for this hearing.

1        CHAIRPERSON: You're absolutely right. It's a matter of  
2 funding.

3        MR. WAKEFIELD: The draft environmental impact statement  
4 identifies six alternatives as action. The proposal as stated,  
5 uhm, deletion of the northern area with enclave development,  
6 deletion of the central area with enclave development and de-  
7 letion of the southern area without enclave development. Delay  
8 of the sale or no sale. Uh, to analyze the uh, for the purpose  
9 of analizing the possible impacts upon the community of Port Lions,  
10 no very significant differences in these in impacts could be dis-  
11 tinguished between alternatives one, two, three, and four. These  
12 four alternatives were, in our mind, in Port Lions reduced to  
13 one alternative. Leasing the tracts of sale lease 46 with on-  
14 shore development on the east side of the island. A second  
15 alternative, the sale.,no, wait a minute. Uh, what we did is  
16 we developed a survey and we picked out a second alternative, like  
17 we added, for instance, lease of tract 46, sale lease 46, onshore  
18 development at Port Lions or near its environs. In other words  
19 within ten miles of Port Lions. And a third alternative was the  
20 delay sale and the fourth alternative was no sale and we added on  
21 our survey, a fifth sale which was a sale of both 46 and 60, in  
22 order to assess the cumulative impacts of both these leases. The  
23 impact of each alternative, we used community goals which had a  
24 positive or negative or negligible zero value and the positive or  
25 negative impacts were multiplied and given a value to the com-

1 community goal and the net positive or negative effect on the com-  
2 munity determined an average. We also added a few questions to  
3 our survey concerning National interest in oil. In other words,  
4 did we feel, in Port Lions, did it help the national interest  
5 in developing oil uhm and compensation from damages resulting from  
6 the oil and gas development. Upon arriving arriving at a total  
7 of our results in our Port Lions survey, we found that the no  
8 sale received the largest positive affect from our community. In  
9 other words, the no sale is a benefit for Port Lions and we also  
10 found that our villagers actually split in half, there was fifty  
11 percent felt that delay sale was the best and the other fifty  
12 percent felt no sale. Conversely though, in our category that  
13 we added in our survey, uh, where we added the category of sales  
14 of both 46 and 60, our people rated this as a very negative affect  
15 on our community. This is an issue of fairly great concern to  
16 Port Lions because we are geographically located right in the  
17 cross roads between 46 and 60. Uh, our fishermen fish both  
18 areas. In the Shelikof area, Rasberry Kupreanof Straits, Malina  
19 Bay, Uganik Bays, this is all on the west side and it's a matter  
20 of just an hour trip by the boats to go over there and that's where  
21 a lot of our fishermen fish. At the same time, depending upon the  
22 fishery, we fish on the inner and outer Marmot Bay areas and we  
23 also fish as far out as Portlock Banks where the proposed northern  
24 part of sale 46 is. Uhm, in Port Lions, our industry is basically  
25 fishing at this time but we're diversified. We're not just salmon.

1 We fish crab extensively and also halibut and we're just now  
2 developing a herring fishery there. We're encouraging shore  
3 plants. We have a loading processor in there right now processing  
4 tanner crab and we're bringing in a herring processor onshore,  
5 tentatively this spring. Nowhere in the draft environmental im-  
6 pact statement is there any mention of the diversity in Port Lions  
7 fisheries. It seems to indicate that all the villages fish salmon  
8 and that's all. And uh, the draft environmental impact statement  
9 does not address the cumulative affects of the sale between 46  
10 and 60. We think, for Port Lions, we're going to be stuck right  
11 in the middle of this thing and uh, it's what we can't understand  
12 is why the draft environmental impact statement hardly even mentions  
13 Port Lions. Also, in the draft environmental impact statement, in  
14 regards to Port Lions, it does identify subsistence use by people  
15 in Port Lions. But the survey was taken by KANA and KCDC which  
16 was a good survey as far as it went but it was just a little pre-  
17 liminary thing. It's not good enough. The draft environmental  
18 impact statement uhm, should address this important area of sub-  
19 sistence that's to our village lifestyle much more thoroughly.  
20 As the draft environmental impact statement basically ignores the  
21 cumulative effect of the two sales on Port Lions and as our survey  
22 in the community of Port Lions indicates, a preference for delay  
23 sale or no sale, Port Lions asks that it's considered the no sale  
24 alternative as the only alternative at this time.

25 CHAIRPERSON: Thank you. I would announce for the benefit of



1 everyone present, that we're negotiating..were we successful  
2 Laura?

3 LAURA: For another room? Yes, we'll be reconvening in the  
4 Kuskokwim Room on the second floor.

5 CHAIRPERSON: Kuskokwim Ballroom on the second floor after  
6 lunch. Okay. Thank you very much. So, if you'll bear with us  
7 until lunch, we'll have a larger space. Any questions of Mr.  
8 Wakefield?

9 MR. KARAM: I have a couple if I may. Educate me a little  
10 bit, what's the population of Port Lions?

11 MR. WAKEFIELD: Two hundred thirty-five.

12 MR. KARAM: In your survey, did you ask any questions of  
13 whether or not any of he population of Port Lions would be interested  
14 or would be in some way induced to go down to and I don't know the  
15 pronounciation, so bear with me, Kiliuda Bay, which is the place  
16 where that one or two alternatives called for an enclave. You know,  
17 we were discussing earlier about draining whatever labor force  
18 might be available into the oil and gas industry were to establish.  
19 Is that a reasonable alternative for somebody who lives in Port  
20 Lions? To try and seek work in Kiliuda Bay?

21 MR. WAKEFIELD: Well, if they're going to live and work in  
22 Kiliuda Bay, they're not going to live and work in Port Lions,

23 MR. KARAM: Well, that's what I mean. Would any of these  
24 two hundred and some odd people even consider that?

25 MR. WAKEFIELD: They probably would because of the money.

1        MR. KARAM:     That wasn't part of your survey though?

2        MR. WAKEFIELD:   We didn't ask..no.

3        MR. CURLIN:     One point, the word subsistence often comes up  
4 in the Alaskan context and I think it perhaps means one thing in  
5 the more northern regions and it means another thing down here.  
6 How do you refer to subsistence?   Are you talking about the eco-  
7 nomic value that accrues from the capture, harvest of fish and  
8 subsequent sale or is it truly subsistence from the standpoint of  
9 consumption?

10       MR. WAKEFIELD:   I was talking about consumption, Sir.   I  
11 depend on going out and getting three deer every fall to fill my  
12 freezer up for the winter.   I can't afford prices in Kodiak as  
13 it is.

14       MR. CURLIN:     I wish we had the luxury in Washington to do  
15 the same.   (Laughter)   Okay,   I wanted to clarify that.

16       CHAIRPERSON:     Okay.   Ms Pestrikoff?

17       DOROTHY PESTRIKOFF:   My name is Dorothy Pestrikoff and I'm  
18 here on behalf of Old Harbor, Alaska.   I'd like to start my testi-  
19 mony by giving a brief picture of Old Harbor.   The community that  
20 I'm here representing, as well as it being my home town, uh, al-  
21 though Old Harbor is the largest village on Kodiak Island, we are  
22 fully dependent on the fishing industry.   We are located in the  
23 heart of the crab fishing grounds, which is fished by people from  
24 all over the island, including our own community.   We also rely  
25 heavily on subsistence and I will add consumption.   Living off the

1 land is and always has been a way of life for us. Clams and  
2 sea urchins are very much a part of our daily diet just as they  
3 were fifty to twenty years ago. This all ties in to what the  
4 residents of Old Harbor's chief concern is at the present, a major  
5 oil spill. What will it do to our fishing industry as well as to  
6 our subsistence way of life? Although many have read the DEIS  
7 sections concerning oil spills, they do not believe that there's  
8 adequate information there, considering what we stand to lose  
9 should a major spill occur. And this is why we share with many of  
10 the same concerns that many of the other communities on the island  
11 have regarding the impacts of oil and gas leasing. Another aspect  
12 that bothers many residents is the fact that the lifestyles that  
13 we've had for years may be altered due to oil coming in near the  
14 village. As the community's only law enforcement officer, I can  
15 honestly say that right now, I couldn't handle an increase in the  
16 population. I am also a health aide in the community and there  
17 are a total of two of us health aides. We act in the capacity of  
18 paramedics. The nearest hospital being the town of Kodiak, twenty-  
19 five minutes by air is quite a long distance. Especially during  
20 emergencies, in the winter months when the Coast Guard can't even  
21 get to the village to evacuate a patient due to weather conditions.  
22 So if oil development was to come into the village, provisions  
23 would definitely have to be made regarding these issues also. The  
24 thought of additional employment is appealing to many people and  
25 we do have a high unemployment rate in the winter months. But

1 right now the major concern is to try to protect the industry that  
2 we do have. This does not mean that we would not try to work with  
3 the oil industry people. We realize that some very major problems  
4 could and probably would occur with the oil and gas development  
5 that we aren't ready to handle as of yet. In closing, I would  
6 like to add that since the village's involvement with sale 46, in  
7 the short period of time that we've had to familiarize ourselves  
8 with the sale has left us with very many unanswered questions and  
9 many concerns to the adverse affects of this sale. And right now,  
10 we support the no sale position at the present. Thank you.

11 CHAIRPERSON: Thank you. Questions of Ms Pestrikoff? Ray?

12 MR. KARAM: You say short period of time that you've had to  
13 familiarize yourself with the sale. Is that you yourself or KANA?

14 MS PESTRIKOFF: On the island, we started in November--

15 MR. KARAM: Well, what would you consider a longer period,  
16 I mean, what would you consider an adequate period? The reason  
17 I ask the question is because the first go at this, you know, that  
18 draft EIS was published in '76 wasn't it? '77. So, you know, we've  
19 been at this now for, this particular area, tract selection which,  
20 you know, arrived at this, at these tracts that were printed in  
21 the EIS at this time and at '77, took place in '76. We've been  
22 going at this for quite awhile. Tract selection involved in the  
23 State of Alaska, local people and State people. So, I guess, the  
24 question I 'm asing is, when you use the term short period of time  
25 to look at this, what would be an adequate period of time? Four

1 years is not adequate, obviously, or you wouldn't say short period  
2 of time. What are we looking at? Ten years?

3 MS PESTRIKOFF: Well--

4 MR. WAKEFIELD: Dorothy's talking about this particular draft  
5 environmental impact statement. The '77 statement, none of the  
6 villages knew anything about.

7 MS PESTRIKOFF: No. That's true.

8 MR. WAKEFIELD: We never even saw it. We were ignored. We've  
9 been ignored completely. If it wasn't for the KANA-OEDP, bringing  
10 us in, finding us the funds to get us traveling into Kodiak City,  
11 to attend the borough OCS Advisory meetings, and uh, generally  
12 familiarizing ourselves with the upcoming with this draft within  
13 just the last few months. It's been really hard to get our people  
14 in the villages to identify with a document like that in so short  
15 of time. You know, we can take it out and hand it to the city  
16 council members and tribal council members and they look at it  
17 and they go, "My God!" And some of them read it and some of them  
18 don't and they--

19 MR. KARAM: I don't blame them.

20 MR. WAKEFIELD: Some of them do read it. But, I mean, you  
21 know, it's the first time we've ever really been exposed to any-  
22 thing like this. In all my life, I've lived on Kodiak since 1960.  
23 I've never even thought about oil until two or three months ago  
24 now.

25 MS PESTRIKOFF: So, we've just had a very short time. Several

1 months actually of being able to get into this.

2 CHAIRPERSON: Any other questions? (No response) Mr. Lind  
3 from Karluk.

4 MR. LIND: My name's Ronny Lind, and I'm from Karluk.  
5 General Delivery. The population is ninety people and we have no  
6 store, which, based on...I'm a fisherman and subsistence user...  
7 but based on the whole thing it is the fact that we rely on sub-  
8 sistence. You know, what I briefly want to say is that there's  
9 so much talk about oil spills that if it destroys sea lion rookeries,  
10 the seal rookeries and the possible of the fish which we rely on  
11 because we go no store, that our lifestyle will have changed  
12 tremendously. And the cost of living for us will go way up,  
13 Thank you.

14 CHAIRPERSON: Thank you Mr. Lind. Any questions of Ron?

15 MR. EDDY: Does Karluk have any commercial fishing or is it  
16 purely subsistence?

17 MR. LIND: Commercial and subsistence.

18 CHAIRPERSON: Gerry?

19 MR. REID: Yes, may I ask, Mr. Lind, you mentioned possible  
20 impacts to sea lion rookeries in relationship to subsistence. How  
21 are sea lions used in your subsistence activities?

22 MR. LIND: It's as a food.

23 MR. REID: Uh, yeah, they are consumed?

24 MR. LIND: Yes.

25 CHAIRPERSON: Well, where do you do your shopping? In Kodiak?

1        MR. LIND: Yes.

2        MR. EDDY: And that is...is that purely by boat transit to  
3 Kodiak for you?

4        MR. LIND: By boat and plane.

5        CHAIRPERSON: Okay. Thank you very much and thank you for  
6 coming together as a panel. You've helped us try to get back on  
7 the track. Mr. Sheehan, would you be agreeable also to sitting  
8 with Mr. Marshall, but let me first call Mr. Delgado from Ouzinkie.  
9 Mr. Sheehan.

10       MR. SHEEHAN: Yeah, that would be fine?

11       CHAIRPERSON: All right. Mr. Delgado, the Mayor of Ouzinkie.

12       MR. DELGADO: My name is Duke Delgado and I'm the Mayor of  
13 Ouzinkie--

14       REPORTER: Would you move the mike closer to you?

15       MR. DELGADO: I also sit on the KANA - OEDP committee.  
16 Ouzinkie is a village of a hundred and seventy-four people. The  
17 whole income is fishing. There is no other resources there. Nothing,  
18 just fishing. We use a lot of subsistence and being as a Fish and  
19 Wildlife man is here, I might get in trouble; but we eat twenty and  
20 twenty-five deer a year, when our limit's only three. (laughter)

21       CHAIRPERSON: Some of them volunteer, is that right?  
22 (laughter)

23       MR. REID: Is that each? (laughter)

24       MR. DELGADO: Uh, the families. With the impact of oil people  
25 coming in and maybe new people coming, we're looking at maybe the

1 DEIS states two hundred acres for shore facilities is going to take  
2 away some of our hunting lands. It's going to put more people in  
3 there that are not going to sit in their homes all the time. They're  
4 going to want to hunt. And they're going to take away some of our  
5 wildlife. The fishing is going to hurt, the DEIS say's that there  
6 will be a minor impact on fishing although it will reduce the  
7 population of of fin fish and shellfish that we do, there's not  
8 enough fish on Kodiak Island to go around today. Any reduction in  
9 population of fish is going to hurt anybody that lives...the  
10 fishermen. The whole island of Kodiak lives on fishing. Kodiak  
11 is a fishing island. Without the fishing, it can be hurt with oil  
12 and gas development. Kodiak may dissolve. The impacts, the gas for  
13 the nation, we understand that the nation needs energy; but the  
14 DEIS says everything that can be taken out of Lease Sale 46 and 60  
15 may last four to six months for the nation. Can we put four to  
16 six months versus the rest of time in a fishing industry that is  
17 renewable and we can live all this time? Not only Kodiak Island  
18 but it is sent to the rest of the United States...people eat it all  
19 over. So, we are...the City of Ouzinkie are asking for a no sale  
20 based on these things. The DEIS gives six alternatives which are  
21 not even alternatives. There are two. There's a sale and a no  
22 sale. The delayed...are these different tracts is saying the same  
23 thing...it's a sale. It might not happen today, it might be five  
24 years from now, or there's portions of that sale. If it was possible  
25 for every fisherman on Kodiak Island to come and testify, they could



1 show everyone of them blocks that want to be leased one portion of  
2 them...there is more than one fisherman that fishes one part of  
3 that. And so, the whole tract is going to be our fishing. I don't  
4 think the DEIS recognizes and shows that what is really going to be  
5 the effect of our fishing. Will the crab migrate over a pipeline  
6 even if it's buried? While it's hot? Yes, maybe. If the bottom  
7 of the ocean is warm, will they come to that warm spot and migrate  
8 where they used to? You heard before the pot fish and it's really  
9 hard for us to fish with all these buoys out to gear around them  
10 when we know how to find our own pots without cutting up somebody  
11 elses. Maybe you have support boats or tankers going through,  
12 that is not used to this that are going through bay where there is  
13 four or five hundred buoys, it's impossible for them to get through  
14 without tearing up some of them. We have a contingency fund that  
15 is supposed to be in there. What will that do to a fisherman if  
16 you're fishing a hundred pots and somebody comes by and takes fifty  
17 of yours. They just eat them up. So they give you money to buy  
18 you fifty more pots. It's going to take you a month or two months  
19 to get that gear ready to go back in the water again and during  
20 that time what have you lost? There's no way to figure what a  
21 fisherman's going to lose. So, I don't think the DEIS really was...  
22 studied the people's lifestyle, their livelihood and really addresses  
23 it well. The City of Ouzinkie is backing the KANA's position of  
24 no sale is our position. Thank you.

25 CHAIRPERSON: Okay, Mayor Delgado. Any questions? Ray?

1        MR. KARAM: Well I just wanted to make this one point for the  
2 record, not that it's definitive or answers, you know, all the  
3 questions. I want to make sure that that's clear. There have been  
4 a number of references to the interference with the pots, the  
5 fishing pots by oil and gas industry activities. This certainly  
6 isn't the entire answer to that kind of a problem, granted, but I  
7 do want to say for the record that, one of the lease stipulations  
8 which were being discussed for this particular sale and which is  
9 used in other sales is one that would require a educational program  
10 so that people that aren't familiar with fishing activities would  
11 become familiar. And this would be the people that work for the  
12 oil industry who would have to go through this program which would  
13 include such things as the position of pots, and what to do and  
14 how not to take them out with your boat, etcetera. Like I say,  
15 its not the answer, the complete answer, but it certainly would be  
16 a help. The other point I would make for the record is that, again,  
17 I'm sure it's not going to work a hundred percent perfect, but the  
18 fishermen's contingency fund would compensate not only for the  
19 damaged gear, but also for the loss of income and the loss of  
20 profits to income for workers and profits for owners in the event  
21 that there was an OCS-related damage to the fishing industry.

22        MR. DELGADO: Can I make one point? With the contingency  
23 fund, if you paid and you thought the owner lost so much time and  
24 X amount of dollars, that's great for the owner. But what about  
25 the four and five crewmembers on that boat that are not getting

1 anything from that? Replacing gear for the boat is one thing, but  
2 replacing the income for the crew is another thing.

3 MR. KARAM: Yeah, the fund, the way it's established in  
4 statute and by regulations and the regulations that implement the  
5 fund were published by the Department of Commerce...that's their  
6 show really. But the regulations were published last January, the  
7 end of January and would include compensation for damage to equip-  
8 ment, lost profits and wages. For example of people that work  
9 boats. So it would...it would include that also. In other words,  
10 all economic results or economic deprivations due to damage done  
11 to fishing industry by oil and gas activities are compensated under  
12 the terms of the statute, from the fund or from the industry person  
13 that did the damage.

14 MR. DELGADO: One more thing, you mentioned that there will be  
15 an education for people that run tankers and what not through  
16 fishing gear. When it is almost impossible for a fifty-foot boat  
17 to maneuver around these buoys, how are you going to maneuver a  
18 two-hundred, three-hundred, four-hundred foot boat through them  
19 buoys?

20 MR. KARAM: No, no, I'm not...don't get me wrong. I'm not  
21 saying that these are....that these are the absolute final answers  
22 to the problem. I just want to get on the record that is...there  
23 are attempts to answer the questions and the problem.

24 CHAIRPERSON: Jim?

25 MR. CURLIN: Mr. Mayor, you brought up one point. I'd like

1 to share with you one of our problems. It's recurred...it recurs  
2 in sales of this sort virtually all over the United States and  
3 coastal regions and that is that, you know, we've...we're just  
4 about past the time where we have the big reservoirs of oil and  
5 gas remaining. We are really looking at rather small and you might  
6 interpret marginal operations, in some instances, and we're weighing  
7 these against the resource values is exactly the problem we're up  
8 against. And I'd like to...just like to mention that we hear the  
9 same concerns. St. George's bank was a very similar situation  
10 with regard to the resources weighed against the renewable natural  
11 resources. We're extremely sensitive to that, but there are...there  
12 are no longer any large reservoirs of oil and gas we can look to.  
13 We can identify some, perhaps, in areas like the Beaufort Sea where  
14 there are extreme problems, not insignificant at all, and I just  
15 want to tell you that that is our dilemma, that is our problem and  
16 that's the reason, you know, we're here today, is to concern our-  
17 selves with weighing the resource, the renewable natural resources  
18 against what some appear to be minimal resources. If in each and  
19 every case we were to accept that four months of oil and gas for  
20 the United States is marginal, then I think we would end up with  
21 probably no activity anywhere offshore because the United States  
22 just doesn't have those large reservoirs anymore. That is our  
23 dilemma, that is the reason we're here to discuss it with you.

24 MR. DELGADO: Can I have one minute?

25 CHAIRPERSON: Sure.

1        MR. DELGADO: I...one thing I didn't mention is the impact  
2 that it does happen to our...we are second-class cities, but every-  
3 body refers to us as villages...but, TAPS, when the Trans-Alaska  
4 Pipeline went in, there was a few of us that went to work from  
5 Ouzinkie. We worked for six months at a time. Okay. People that  
6 went to work they made their union scale wages. Our small  
7 communities all around the island are not wealthy. They're barely  
8 existing. They can't afford to pay more than three to four dollars  
9 an hour to work. Our young people that go out and work for these  
10 things for a year or two years and come back to their village,  
11 and there is work that needs to be done for the village for the  
12 good of the village, well they say, "I worked for seventeen dollars  
13 an hour, I worked for twenty dollars an hour...I'm not going to  
14 work for four." So they're taking our people from us to give them  
15 jobs, pay them for a short time. Then they don't have nothing to  
16 do after that, and they do not want to come back to work for that  
17 four and five dollars an hour.

18        CHAIRPERSON: Any other comments? (no response) Thank you  
19 Mayor Delgado. I appreciate it. And thank you for kind of coming  
20 out of turn. Uh, if Mr. Sheehan and Mr. Marshall, both from KANA  
21 and Kodiak...and each had asked for twenty minutes, so we're not  
22 going to short you on time. I think we're going to make it. Mr.  
23 Sheehan was scheduled to go first. Thank you.

24        MR. SHEEHAN: My name is Jerry Sheehan and I'm testifying on  
25 behalf of the Kodiak Area Native Association. I'd also like to

1 state personally for the record that I'm a resident of Karluk, one  
2 of the villages--

3 CHAIRPERSON: A resident of Karluk?

4 MR. SHEEHAN: Karluk.

5 CHAIRPERSON: Karluk, thank you.

6 MR. SHEEHAN: My testimony is directed at the way subsistence  
7 was dealt with in the Draft Environmental Impact Statement,

8 CHAIRPERSON: Can you speak up a little bit, I'm having  
9 difficulty, I don't know whether the other panel members are also?

10 MR. SHEEHAN: The DEIS recognizes that there is a moderate  
11 environmental risk involved to subsistence with oil and gas devel-  
12 opment, whereas the potential one to forty-eight million dollar  
13 loss, that's X vessel price, to the combined crab fisheries is seen  
14 as a minor environmental impact. Oil and gas development, then,  
15 will undoubtedly bring changes to people's eating habits and life-  
16 styles on Kodiak Island. As to what changes are expected or what  
17 mitigating measures are available, there is nothing in the DEIS.  
18 The text establishes that subsistence exists and we take exceptions  
19 to the way it is portrayed as existing, but the text shows nothing  
20 at all about what moderate impacts to the subsistence harvest in  
21 terms of nutritional, cultural and dollar loss are anticipated, or  
22 that there is any available means of compensation for a loss incurred  
23 to these resources. There is no indication at all that there is  
24 any compensation for loss of subsistence foods, and there is no  
25 possible way to compensate for a loss to damaged lifestyle which

1 could occur due to oil and gas development in our region, Within  
2 the DEIS, there was no study at all to quantify desirable species  
3 of fish consumed for subsistence purposes. Damage done to a  
4 highly desirable species like red salmon, king salmon and steelhead  
5 in a village such as Karluk would probably mean having to utilize  
6 less desirable species like silvers and pinks. This is an impact  
7 which should have been quantified in the DEIS, yet is not even  
8 mentioned. Whether or not people should have to utilize less  
9 desirable species due to impacts of oil and gas development is,  
10 however, another issue. The potential impacts go far beyond  
11 traditional food preferences and include cultural values. For  
12 instance, in Karluk the boys may not play boats in the river, a  
13 traditional children's games of towing boats along the river bank  
14 until the men catch the first red or king salmon in the spring.  
15 The whole issue of desirable species and the possible impacts that  
16 our people in our region should be quantified in the Draft  
17 Environmental Impact Statement yet is not even mentioned. I'd like  
18 to quote from the DEIS, page 57, "Although there may not be a  
19 stress yet on the taking of subsistence resources around villages,  
20 incidences of increased conflict in areas connected by road to  
21 Kodiak were noted." Not only is this statement untrue, there are  
22 areas around villages in which conflicts over taking subsistence  
23 resources are felt, but it fails to carry through that the most  
24 likely possibility for onshore facility siting in the event that  
25 oil and gas development or enclave developments in rural areas,

1 The DEIS does allow for water impact associated with oil impact  
2 development. Quote, "the location of an LNG plant near the water  
3 water sources of villages and near the hunting and fishing waters  
4 of the village will be a considerable impact unless close control  
5 of the influent and affluent of the LNG plant is properly controlled."  
6 Un-quote. It is our position that this statement on water holds  
7 true for the anticipated influx of people. I'd like to preface  
8 my next remark that I used too the additional one thousand potential  
9 users, but I think that the impacts that I'm talking about would  
10 hold true be it two, four or a thousand people. By allowing that  
11 possibly an additional one thousand potential users of both sub-  
12 sistence and recreational resources may be placed on Kodiak Island  
13 and a high possibility of rural enclave development, there could be  
14 a direct conflict over subsistence resources in areas not connected  
15 by road. The DEIS does not even mention this possible impact to  
16 subsistence utilization. Even assuming that the bulk of the popu-  
17 lation remains in Kodiak and areas connected by the road system,  
18 an additional one thousand users could be utilizing a resource which  
19 the DEIS indicates is already under increased conflict and stress.  
20 That should have drawn comment from the DEIS, yet does not. Two  
21 incidences contrary to the statement that there is no stress on the  
22 taking of subsistence resources around villages are as follows: In  
23 1979 subsistence fishing in Monk's lagoon on Spruce Island, located  
24 next to the village of Ouzinkie was prohibited within five hundred  
25 yards of the mouth of the stream, which is inconsistent with



1 traditional gear useage. The reason for this was conflicts arising  
2 over subsistence and sport users. The last few years have also seen  
3 a rising conflict over sport fishermen and subsistence harvest of  
4 steelhead and king salmon on the Karluk river. Although no action  
5 has been officially taken, no one would deny that stress does  
6 exist. Fish and Game has considered closing or limiting the sub-  
7 sistence harvest of steelhead and king salmon on the Karluk river.  
8 A potential one thousand resource users accessible to the Karluk  
9 river for steelhead or king salmon fishing would force some kind  
10 of catch quota. This again, refers back to our comment on desirable  
11 species and has a direct impact on the villages of Kodiak Island,  
12 yet is ignored in the DEIS. It is also stated in the DEIS that  
13 quote "Crabs are in season when ducks and geese come, and since it  
14 is much easier to get crabs, not much duck and geese hunting occurs."  
15 Un-quote. This is simply not true for village subsistence users.  
16 Few villagers own crab pots and almost every household has a shot-  
17 gun. We also take exception to the U.S. Fish and Wildlife comments  
18 in the DEIS that quote, "Subsistence on Kodiak is mostly from the  
19 sea, there is not much land subsistence. Out of the migratory fall,  
20 there is not much subsistence hunting." We comment again, that  
21 ducks and geese are hunted and are an integral part of the subsistence  
22 lifestyle of Kodiak and while there may not be as many deer hunted  
23 numerically as there are fish caught, subsistence from the land,  
24 be it deer, caribou or berries, is also an integral part of  
25 subsistence lifestyle. Preliminary and inconclusive studies

1 included in the 1979 KANA Overall Economic Development and Planning  
2 Report indicate that the dollar value of the food harvest taken for  
3 subsistence useage approaches one million dollars a year. This is  
4 a dollar value put on the food itself. Losses incurred to the  
5 lifestyles of people who depend on subsistence foods can have no  
6 dollar value put on them. There is no way to compensate for cultural  
7 losses. For instance, as documented in Nancy Davis's study published  
8 as BLM-OCS Socio-Economic Studies Program No. 42, village life is  
9 very family oriented. One of the most severe losses to village  
10 lifestyles due to tampering with the subsistence harvest could be  
11 the breakdown of family ties. Families fish together, split fish  
12 together, hang fish together, hunt together, eat together. And  
13 this cannot possibly be compensated for if losses are incurred.  
14 The DEIS should recognize this fact, yet does not even mention it.  
15 The DEIS relies on the legal way subsistence should be utilized,  
16 the permits and quotas, and this is inconsistent with the way  
17 subsistence actually exists in the villages on Kodiak Island. Few  
18 villagers have subsistence fishing permits, yet almost all adult  
19 males partake in subsistence fishing. The permits allow only  
20 twenty fish per permit, yet there is no one I know of who will  
21 catch and split only twenty five fish at a time. More accurate  
22 catches would be two to five hundred fish per trip. There is a  
23 concern, then, that an influx of people could affect enforcement  
24 of subsistence permits, could possibly introduce subsistence  
25 quotas, impose limitations, change traditional patterns of uses,

1 and in general have a serious effect within villages on the island.  
2 Enforcement of subsistence permits and quotas will not take place  
3 without conflicts. Even though outsiders have a legal right to  
4 utilize fish and game resources, if there are conflicts and enforce-  
5 ment of policies contrary to traditional patterns of use, there  
6 will be a conflict between residents of an area and people viewed  
7 as outsiders, who, because of whose influx into the area have  
8 forced enforcement of laws not presently being enforced. We also  
9 take exception to the final sentence in the DEIS on the section of  
10 subsistence. "Fisheries are the mainstay of the Kodiak economy and  
11 during years of poor commercial harvest, employment such as cannery  
12 work, ecetera, may become scarce. Subsistence fishing acts as a  
13 partial subsistence for cash income during these years." Reading  
14 this, subsistence is misrepresented as being used only in years  
15 when adequate cash supply is not existent. This is simply not true.  
16 Quite the opposite might be true, as indicated in a quote in the  
17 DEIS, which is, "that the more money made, the more time there will  
18 be to spend on subsistence activities." Subsistence exists and it  
19 is not just a replacement food in years of low income, but a  
20 prefereable food for most villages, for most village residents.  
21 Regarding the relationship of subsistence to the cash economy, there  
22 is no mention at all in the DEIS that two villages presently have  
23 no stores, that food costs are higher in villages, and that sub-  
24 sistence, therefore, has a direct relationship to day-to-day living.  
25 By enforcing subsistence permits and quotas, you will be limiting

1 a basic food source and there is nothing viable to replace it with.  
2 The DEIS should have dealt with this, but does not. The DEIS does  
3 not...has not dealt with subsistence in a presentable manner.  
4 People are told that we will be moderately impacted, but we're not  
5 told what the moderate impacts are or if any mitigating measures  
6 are available. There is no system available for compensating the  
7 lost food source and there is none which could be devised to  
8 compensate for lost lifestyles. BLM has not dealt at all with the  
9 impacts...with what the impacts would be to our regional subsistence  
10 lifestyles if enforcement of what could be non-enforceable subsis-  
11 tence laws are enacted because of an influx of an additional  
12 possible one thousand resource users to our region. There will be  
13 conflicts and this has been ignored. In closing, then, we would  
14 propose that no sale be held at this time in order to allow for  
15 additional studies of the impacts...on the impacts of possible oil  
16 and gas development on subsistence resources and users on Kodiak  
17 Island...may be conducted. I'd like to like to make one clarifying  
18 remark on a comment made earlier. And that was in relationship to  
19 whales and subsistence in our region. Whales have traditionally  
20 been a subsistence food in our region, but in recent years there  
21 have been no whales taken. People still yearn for whale meat and  
22 the possibility of landing the whale in the future is conceivable,  
23 due to the still present high desire for whale meat in many  
24 villages and the local name for whale meat is called Kimook.  
25 That's it.

1        CHAIRPERSON: Mr. Sheehan, the laws that you say that are not  
2 now being enforced are the fish and game laws of the state of  
3 Alaska?

4        MR. SHEEHAN: Yes, that's correct.

5        CHAIRPERSON: Any other questions of Mr. Sheehan?

6        MR. REID: Yes, I have one. Relative to your remark about the  
7 not...about the rather low use of water fowl. Have you got any idea  
8 of a percentage of overall subsistence materials that are used...of  
9 what percentage water fowl would make up of that? That's including  
10 sea lions, deer, urchins, the whole business. What...about what  
11 percentage would water fowl account for?

12       MR. SHEEHAN: If we're talking numerically, it's obvious that  
13 fish is numerically the highest percentage. Water fowl would  
14 probably be the next numerical...people go up and bring back six,  
15 eight ducks at a time. And they do that all season long.

16       MR. REID: Would this be, would this be fairly equal for each  
17 village on the island, or would this vary to a major extent from  
18 one village to another?

19       MR. SHEEHAN: Well...

20       MR. REID: The point I'm making, I think, for instance, Karluk  
21 is close...more closely related to a fly-away situation for certain  
22 birds than say Old Harbor is. I just wondered if you have any  
23 feel for the difference?

24       MR. SHEEHAN: No, I would say that people in all villages  
25 duck hunt, go for water fowl. I couldn't... I don't have the

1 capability to answer as to...for...if the village I'm from, Karluk,  
2 would have a higher resource utilization.

3 MR. REID: I see, okay. Thank you.

4 CHAIRPERSON: What else? Mr. Sheehan, you mentioned a  
5 million dollars, that's the evaluation of the subsistence resource.  
6 Was that a study done and is that available so that--?

7 MR. SHEEHAN: That was quoted in the DEIS. So,...

8 CHAIRPERSON: Okay.

9 MR. SHEEHAN: That's in, that's what we considered to be as  
10 preliminary and inconclusive study that was done with...between the  
11 Kodiak Area Community Development Corporation and the Kodiak Area  
12 Native Association.

13 CHAIRPERSON: Okay. But,...did you participate in this study?

14 MR. SHEEHAN: Uh, I participated in...Wayne can probably  
15 answer more in this. He was the--

16 MR. MARSHALL: Our office initially...at that time it was the  
17 Kodiak Area Community Development Corporation. To make a long story  
18 short, we merged with KANA.

19 CHAIRPERSON: Oh, okay.

20 MR. MARSHALL: So, there's no long a Kodiak Area Community  
21 Development Corporation. But we did conduct a preliminary study  
22 and that was for the purposes of seeing if we wanted to conduct  
23 initial studies, because we did receive a lot of opposition from  
24 the island, of ever attempting to quantify the level of subsistence  
25 use in the community. And, naturally, one of the things that comes

1 about is the idea of enforcement. If you start to give state  
2 agencies, federal agencies an idea that you are using four fish  
3 per member of your....four deer per family member, twenty-five fish  
4 per each member of your family, suddenly that becomes a regulatory  
5 limit. And right now, with the idea of minimal enforcement,..  
6 something which Jerry brought out very strongly in his testimony.  
7 People are leery of trying to quantify these and having them be  
8 established as quotas.

9 CHAIRPERSON: Well, I...might pursue that. But, if you were  
10 going to have any kind of a compensatory fund for subsistence  
11 resources, as you have for commercial fishing resources, somehow  
12 it would have to be quantified, wouldn't it?

13 MR. MARSHALL: Uh, that was one of our main reasons for  
14 initially undertaking the study, was the idea of oil development  
15 coming in and if resources would be wiped out, to then have some  
16 means of obtaining compensation.

17 CHAIRPERSON: Okay, thank you. Any more questions of Mr.  
18 Sheehan? (no response) Okay. Mr. Marshall?

19 MR. MARSHALL: Yes. My name is Wayne Marshall, and I have  
20 been employed as an OCS Subsistence Researcher by KANA, the Kodiak  
21 Area Native Association, since October 1 of 1979. Our box number  
22 is 172, Kodiak, Alaska. My role has been to serve as the primary  
23 staff to the KANA Board of Directors, the Overall Economic Develop-  
24 ment and Planning Committee, and the villages on Kodiak Island in  
25 regard to proposed OCS Lease Sales No. 46 and No. 60. In this

1 capacity, I have analyzed the DEIS and accompanying documents that  
2 are pertinent to Sale No. 46, throughly reviewed the draft and  
3 Final Environmental Impact Statements prepared for the proposed  
4 five year lease sale schedule and traveled to the Island's villages  
5 to explain the contents of the aforementioned documents and probable  
6 impacts associated with oil and gas development off the entire  
7 eastern coast of Kodiak Island. In the oral testimony, which I  
8 will present today, I will focus on one of the three major areas  
9 identified by the KANA Board of Directors in their February 12th  
10 decision to support the No Sale alternative outlined in the DEIS.  
11 My testimony will outline KANA's interpretation of the BLM's  
12 failure to comply with the guidelines stated in Section 18(a),  
13 1, 2, and 3 of the Outer Continental Shelf Lands Act of 1953, as  
14 amended in 1978 in proposing the Kodiak Island sedimentary basin  
15 for lease at this time. In offering this testimony, I will  
16 repeatedly utilize the information contained in the Final Impact  
17 Statement for the Proposed Five Year OCS Lease Sale Schedule  
18 program. The KANA feels this area is appropriate to comment on at  
19 this hearing as pages 1 through 3 of the DEIS for Lease Sale No. 46  
20 indicates the purposes and needs for considering the leasing of  
21 sale area No. 46. Section 18(a)(2) of the OCS Lands Act reads,  
22 "Timing and location of exploration, development and production  
23 among the oil and gas bearing physiographic regions of the Outer  
24 Continental Shelf shall be based on a consideration of"...then it  
25 lists items A through H. KANA will offer specific comments on



1 items B, C, D, E, and G. Item B states, "an equitable sharing of  
2 developmental benefits and environmental risks among the various  
3 regions; and is interpreted in the Five Year Schedule to mean, all  
4 regions of the country are expected to contribute if economically  
5 recoverable deposits of hydrocarbons are located off their shore,  
6 and to share in the risk of development. The DEIS for Lease Sale  
7 No. 46 concludes that this is a gas-prone sale area with an 8 per-  
8 cent chance of locating a commercially productive find. The DEIS  
9 also concludes that if oil deposits are found at even the five  
10 percent maximum scenario, there will be no oil production due to  
11 an insufficient amount of oil deposits. In the Final Five Year  
12 Statement, the Department of Energy states that natural gas will  
13 only be produced from the Cook Inlet and Beaufort Sea Sales to be  
14 held in Alaska due to inadequate production facilities on the  
15 West Coast. With no gas to be produced because of energy market  
16 constraints, and no oil to be produced because of inadequate oil  
17 deposits, the KANA is extremely perplexed to understand why Lease  
18 Sale No. 46 is even being proposed for lease. The sale appears to  
19 be for exploratory purposes only and does not meet the required  
20 criteria of development and production; in essence, there are no  
21 economically recoverable deposits of hydrocarbons at this time.  
22 However, if the Department of Energy has erroneously assumed that  
23 no natural gas will be produced, or the U.S.G.S. has miscalculated  
24 the hydrocarbon resources available, as appears very probable with  
25 the scenario change of Lease Sale No. 46 being gas prone, rather

1 than oil prone in the past two and half years, there still does  
2 not appear to be an equitable sharing of developmental benefits  
3 and environmental risks. Kodiak's pristine marine environment  
4 currently supports an extremely lucrative, diversified commercial  
5 fishery that may become an even more pro...may become even more  
6 profitable with America's entrance into the previously foreign-  
7 controlled bottomfishery. Lease Sale Area No. 46 is also a primary  
8 habitat for seven species of whales, numerous bird and marine  
9 mammal populations, and rich ocean plant life. With Lease Sale  
10 Area No. 46 containing roughly only one percent of the total  
11 hydrocarbon resources to be potentially realized from the Five Year  
12 Schedule, the KANA is unable to comprehend why the Department of  
13 the Interior is willing to even consider risking Kodiak's vital  
14 marine environment. KANA feels that Kodiak, and the Alaskan OCS  
15 region would experience virtually no benefits from the proposed  
16 leasing of sale area No. 46. Item C, the location of such regions  
17 with respect to, and the relative needs of, regional and national  
18 energy markets. Again, I emphasize, the DEIS states that there  
19 will be no oil production, and the Department of Energy states that  
20 there will be no natural gas production from Lease Sale Area No. 46.  
21 What regional and/or national energy markets will the not-to-be-  
22 produced hydrocarbons from this area serve? At present, there are  
23 inadequate LNG processing facilities on the West Coast to produce  
24 potential gas resources from Lease Sale Area No. 46, and it appears  
25 as if this capability will not exist in the hypothesized production

1 time frame for this area of 1987. It also does not appear to be  
2 possible to ship large amounts of Alaskan LNG through the Panama  
3 Canal to processing facilities on the East Coast. This lack of  
4 domestic production facilities for domestic use raises the distinct  
5 probability of fear of natural gas from this sale area being  
6 diverted to markets in Japan in trade for foreign imports to the  
7 East Coast energy markets. This is an entirely unacceptable use  
8 of the potential natural gas and/or oil resources from this sale  
9 area to KANA. Kodiak is in an area that is entirely dependent on  
10 the renewable resources harvested from its surrounding marine  
11 environment, and is very aware of the difference between a renewable  
12 and nonrenewable resource. To the best of our knowledge, oil and  
13 natural gas have always been viewed as finite nonrenewable resource.  
14 KANA is not willing, and does not understand the logic, to trade  
15 off the nonrenewable resources from this area when potential,  
16 presently marketable hydrocarbon resources are available from other  
17 regions of the United States' onshore and offshore lands, when the  
18 future utilization of these resources from this proposed sale area  
19 may assist the U.S. in meeting its continued goals beyond 1980-85,  
20 of ensuring future adequate domestic production. Item D. The  
21 location of such regions with respect to other uses of the sea and  
22 sea bed, including fisheries, navigation, existing or proposed  
23 sea lanes, potential sites of deepwater ports, and other anticipated  
24 uses of the resources and space of the Outer Continental Shelf. The  
25 Kodiak Island area is an extremely lucrative commercial fishing

1 area that has primarily been utilized for this purpose since at  
2 least America's purchase of Alaska from Russia. The intrusion of  
3 a foreign oil industry, that requires exclusive rights to areas  
4 of the ocean surface, floor and sea lanes, dominant use of marine  
5 terminals and service facilities, and which could have a potentially  
6 major negative impact upon the quality of the marine ecosystem  
7 through a hydrocarbon spill, may not be compatible with the past,  
8 present and future uses of the waters surrounding Kodiak Island.  
9 Item E. The interest of potential oil and gas producers in the  
10 development of oil and gas resources as indicated by exploration  
11 or nomination. In appendix 2 of the Final Five Year Statement,  
12 the Kodiak Island basin ranks number 19 in regard to industry  
13 resource potential, and number 21 in regard to industry interest,  
14 of the 22 basins considered for potential leasing. With 31 sales  
15 being considered for leasing between 1980-85, multiple sales to be  
16 conducted in areas of high industry interest and resource potential,  
17 such as in the Gulf of Mexico, and several basins having been  
18 deleted from any consideration of leasing during this schedule,  
19 KANA surmises that Lease Sale No. 46 would rank number 31 of the  
20 proposed 31 sales. To examine this issue further, the Kodiak  
21 Island Basin is ranked 19th and 21st respectively, in regard to  
22 industry resource potential and industry interest. Three sale  
23 areas, the Southern Aleutian Shelf ranked 21st and 22nd, the  
24 Washington-Oregon Straits ranked 20th and 19th and the Florida  
25 Straits ranked 22nd and 19th respectively, were deleted from all

1 proposed lease sale schedules for the 1980-85 schedule. As is  
2 readily apparent, the Kodiak Island basin is ranked in this same  
3 bottom four, but not only is Kodiak not deleted from consideration,  
4 it is the fourth sale proposed for lease under the new schedule.  
5 When people on the island realize the over-all minimal importance  
6 of Lease Sale No. 46 to the national goal of energy self sufficiency,  
7 and the concerns previously outlined in KANA's testimony, the  
8 question of "Why Kodiak"?, always surfaces. Item G. The relative  
9 environmental sensitivity and marine productivity of different  
10 areas of the Outer Continental Shelf. As stated previously, the  
11 marine waters surrounding Kodiak Island are a pristine area tht  
12 supports a lucrative commercial fishery, abundant marine mammal  
13 and bird populations, seven species of whales, and a rich aquatic  
14 plant life. These waters also support the approximately ten  
15 thousand people which live on Kodiak Island, as the people living  
16 here are a direct reflection of their environment. Although the  
17 Five Year Statement does not quantitatively measure the environ-  
18 mental sensitivity and/or marine production of the different areas,  
19 it does state what the people of Kodiak Island already know. We  
20 live by the sea. KANA feels that Item G was not adequately  
21 addressed in the decision to propose Lease Sale Area No. 46 for  
22 sale in December of 1980. As I have outlined, KANA's concerns in  
23 regard to Sections 18(a), 1 and 3 through my elaboration on the  
24 various items of Section 18(a)2, I will refrain from discussing  
25 these paragraphs in my oral testimony, but will comment upon them

1 in future written testimony. Overall, I do not want to leave the  
2 Hearing Panel with the impression that KANA, its Board of Directors  
3 and the people which it represents, is an ogre that does not  
4 believe that there is a national energy crisis or that does not  
5 believe there is an urgent need to develop additional domestic  
6 hydrocarbon production. KANA feels tht it has realistically viewed  
7 the prospects of oil and/or natural gas exploration, and perhaps  
8 development and exploration occurring...development and production  
9 occurring on the offshore lands located in Sale Area No. 46, that  
10 it has reviewed the potential positive and negative impacts out-  
11 lined in the DEIS, and that there is no option but to support the  
12 no sale alternative at this time. If the potential hydrocarbon  
13 resources to be obtained from...were similar...were similar to  
14 the amount available from a Beaufort Sea Sale, the prospects of a  
15 minimally significant find being realized were greater than 8 per-  
16 cent, or at least that the resources that may be found were able  
17 to be produced, KANA may have a different perspective on the sale.  
18 However, with the Department of Interior's persistence in pursuing  
19 the removal of Alaska's onshore lands from possible resource  
20 development through repeated protective withdrawals, and the policy  
21 of aggressively leasing extremely sensitive offshore lands, KANA  
22 is unable to resolve this inherent conflict in Department of Interior  
23 logic and understand why Lease Sale Area No. 46 is being considered  
24 for lease at this time. KANA finds that the Draft Impact Statement  
25 for Sale No. 46, in conjunction with the information contained in

1 the Final Environmental Impact State for the Five Year OCS Lease  
2 Sale Schedule, does not adequately answer this; why is Lease Sale  
3 No. 46 being held? The most basic of all questions.

4 CHAIRPERSON: Thank you, Mr. Marshall. Comments or  
5 questions of Wayne? (no response) Thank you very much.

6 MR. CURLIN: I'd say it was fairly clear and straightforward.

7 CHAIRPERSON: Thank you for your testimony, both of you.  
8 Mr. DeVaney from Pacific Pearl Seafoods of Anchorage is the last  
9 person scheduled to testify this morning. Mr. DeVaney? (no  
10 response) If Mr. DeVaney is not here, we will put his name on  
11 for the afternoon schedule. We will reconvene at 1:00 in the  
12 Kuskokwim Ballroom, which is on the second floor of the Hotel.  
13 And I hope we'll have more comfortable quarters. We'll see you  
14 at 1:00.

15 (OFF THE RECORD)

16 (HEARING RE-CONVENED AT KUSKOKWIM BALLROOM AT 1:00 P.M.)

17 CHAIRPERSON: Hearing will come to order. We have better  
18 quarters this afternoon than we had this morning. I will ask  
19 everybody on the panel, and also the people testifying, to speak  
20 up because the microphones are tied into the recording system and  
21 are not public address microphones. So I know it's going to be  
22 difficult for those of you in the audience to hear. I also would  
23 like to correct, for the record, that Ray Karam who is representing  
24 the Office of OCS Coordination, is also representing the Assistant  
25 Secretary for Policy, Budget and Administration for the Department

1 of the Interior. Our first witness this afternoon, on the list  
2 is Mr. Tony Perez of the Planning and Zoning Commission from Kodiak.  
3 Tony?

4 MR. PEREZ: Ladies and gentlemen. We come to you today...  
5 before you today to express our views and beliefs in what is the  
6 desires and fears of the people of Kodiak on the oil sale No. 46.  
7 Since the start of the oil exploration off the shores of Kodiak,  
8 there has been a great deal of thought and study into this project,  
9 and to the effects it will have on our community. In the DEIS, it  
10 presents a layout of the proposed tracts for sale as well as where  
11 it would like the oil rigs to lay lines to the shore storage tanks  
12 and other installations. But here again, these ideas are presented  
13 as to where the BLM thinks they should go, with little regard to  
14 the people of Kodiak. It seems that it would be a lot easier and  
15 logical if the people, or its representatives, were given a few  
16 areas to choose from where an orderly development could be derived  
17 or, better yet, to work with the people involved. We have been  
18 presented with the proposed installations all along our Western  
19 shore. Some of these shorelines are rock bound and open to the  
20 open seas. Other...the locations that are remote. If the people  
21 of Kodiak are to be kept informed as to the uses of the onshore  
22 requirements, it would seem that a well layed out plan presented  
23 to the local Planning and Zoning Department would be in order. So  
24 that the right zoning could be developed for these areas, instead  
25 of a fast shotgun wedding type of affair. We are not an unreasonable



1 people or are we hard to get along with as has been the lables on  
2 to us by some of the oil interest people. But for the first time  
3 a threat to the livelihood of the people of Kodiak is casting its  
4 shadow over its fishing grounds, and they can see the environment  
5 that they know and enjoy in danger. For the effect that's presently  
6 presented means a total disruption to the Kodiak fishing industry  
7 and their way of life. Since August of 1859 when Edwin L. Drake  
8 drove the first hole into the ground to get to oil in Titusville,  
9 the oil industry has come a long way with its new methods of  
10 engineering, petroleum geology, and refining. But with all of this  
11 technology, it still has yet to find a foolproof method of  
12 controlling the actions of Mother Earth. There is apprehension  
13 as to the effect of earthquakes in this area. The geological  
14 faults lay on both sides of Kodiak, and these have a number of  
15 fractures. While on the Shelikof Strait and the Alaska Peninsula,  
16 we have active volcanic eruption from time to time. The forces  
17 unleashed are awesome. On June 6 of 1912, when Mt. Katmai erupted,  
18 it was active for approximately sixty hours. But in that time  
19 it moved approximately eleven billion cubic yards of mountain top,  
20 or forty times the amount of earth and rock removed in the  
21 construction of the Panama Canal. Where there is an earthquake or  
22 volcanic eruption, there comes a destructive ocean offspring. The  
23 great waves or the Tsunamis. This series of traveling ocean waves  
24 move across the ocean in step waves and reaches the speed of six  
25 hundred miles an hour and a height of a hundred feet or more,

-111-

AD-GILE Court Reporters

P.O. Box 8994

Anchorage, Alaska 99508

Phone/907/ 333-4594

1 striking everything in its path with a devastating force. The  
2 seismic action on Kodiak has been, in the past, dealt with very  
3 hard. In the case of another earthquake, where the sea floor  
4 shifts and slides in mass movement, where are the safeguards that  
5 the oil lines layed on the ocean floor will not rupture? Or the  
6 well heads in christmas tree complexes to stand this hard treatment,  
7 and that there will be no oil wells going wild to the point where  
8 they cannot be controlled as in the case of the Mexican well in  
9 the gulf? What safe guards are there that there will be no oil  
10 spillage or seepage in the fishing grounds? The fact remains,  
11 Kodiak has one industry - fishing. This is the life blood of its  
12 people and they want to protect it in every way. Just as oil is  
13 the force which makes our great nation move forward. So somehow  
14 and somewhere these two industries must come together and work in  
15 harmony for the good of all. Submitted by A. J. Perez, P.O. Box 6,  
16 Kodiak, Alaska.

17 CHAIRPERSON: Thank you, Mr. Perez. Any questions or comments  
18 to Mr. Perez? (no response) Thank you very much and thanks for  
19 speaking up. If you have copies for the reporter, (Perez Statement  
20 submitted - See Addendum) The next person to testify is Arne  
21 Hanson, representing the Kodiak Island Borough Assembly. Mr.  
22 Hanson? May I ask has Mr. DeVaney come in? Mr. DeVaney? (no  
23 response)

24 MR. HANSEN: Distinguished Panel Members, ladies and gentlemen,  
25 good afternoon. My name is Arnold Hansen, I'm the appointed

1 Deputy Mayor of the Kodiak Island Borough and I am appearing here  
2 today to present testimony on behalf of the Borough Assembly and  
3 the people of Kodiak Island as the official representative of this  
4 governing body. At this point in time, the Kodiak Island Borough  
5 has chosen to oppose Lease Sale No. 46. We are not now, nor have  
6 we even been, opposed to the concept of OCS development. In fact,  
7 we have spent a considerable amount of time and money over the past  
8 few years conducting baseline studies related to OCS development  
9 and its potential impacts upon the Borough and its inhabitants in  
10 anticipation of eventual lease sales in this region of the Gulf of  
11 Alaska. We are, however, opposed to Lease Sale No. 46 as it now  
12 is portrayed in the DEIS prepared by BLM. There are many specific  
13 reasons for adopting this position, and others testifying here  
14 today will address them in more detail. I shall, therefore, confine  
15 my testimony to concerns of a more general nature. Much as been  
16 made of the two year time interval between release of the first  
17 draft EIS for Lease Sale No. 46 and the December 7th, 1979 release  
18 date for the current draft. The implication has been that Kodiak  
19 has had two years to prepare itself for addressing the issues and  
20 concerns related to OCS development in the Western Gulf of Alaska;  
21 and its potential impacts to the residents of Kodiak and the natural  
22 environment surrounding our island. We submit that such has not  
23 been the case at all. Whereas, the earlier draft concentrated on  
24 impacts associated with the development of crude oil reserves, we  
25 now find, as of December 7, 1979, that oil has been relegated to an

1 inconsequential role, and we are now told that natural gas and gas  
2 condensates would be produced exclusively. Development, we are  
3 informed, will also entail construction of at least one onshore  
4 LNG plant. Such a facility may or may not end up being placed on  
5 a Kodiak Island road system. We are also made aware of the fact,  
6 though not directly, that Lease Sale No. 46 is inexorably tied to  
7 Lease Sale No. 60 proposed for the upper Shelikof Strait/Lower Cook  
8 Inlet area. Although these two sales are not addressed concurrently,  
9 as we believe they should have been, numerous references are made  
10 throughout this DEIS to possible joint facility use, especially  
11 the LNG plant, and overlapping impacts. Again, then, we become  
12 aware that the circumstances surrounding this DEIS are not those  
13 presented in 1977 nor could they be foreseen until the release of  
14 the current draft. Thus, the argument that, in reality, Kodiak  
15 has had two years to prepare for this hearing is bogus and we have  
16 been confronted with the task of having to make rational and  
17 intelligent decisions on the basis of both conflicting and incom-  
18 plete information over an extremely foreshortened time frame. For  
19 this reason we do wish to express our thanks to BLM for giving us  
20 the thirty-day extension to allow us to prepare for this hearing.  
21 There are many references made throughout this DEIS to the probability  
22 of this or that event occurring and this or that impact happening.  
23 We are provided with the Monte Carlo program for predictive analysis  
24 based on computer simulation. Computerized data analysis and  
25 simulation models are, indeed, extremely useful tools but the

1 programs are written by human beings and the data are collected  
2 by human beings. The computer can give you no better quality  
3 output than the input given it. Some phenomena lend themselves to  
4 modeling more readily than others, but it is a well-recognized fact  
5 that modeling entire ecosystems and their reaction to an event such  
6 as an oil spill is well-nigh impossible given our current level  
7 of knowledge. This lack of knowledge, of course, accounts for  
8 the constraints introduced into BLM's model whereby the effects of  
9 hydrocarbon spills on targets are only accounted for when the  
10 target is acutally present, as with seabirds on page 97. In such  
11 respects, the model is entirely too simplistic to truly represent  
12 the myriad of interactions taking place in the real world. The  
13 greatest danger inherent with computer modeling is that the very  
14 technology itself tends to lull us into a sense of complacency and  
15 security. And when the results of our work roll out in print, how  
16 can we doubt what the computer hath wrought. Well, its quite easy  
17 for people in Kodiak to doubt it. We didn't have to have any  
18 computer to tell us on March the 28th, 1964 what an earthquake that  
19 registers 8.4 on the Richter Scale will do to a town that had one  
20 hundred and....and that one hundred and thirty lives were lost and  
21 three hundred and eleven million dollars worth of damage was done  
22 throughout the state. But secondary hazards are perhaps more  
23 germane to this discussion. Associated with the Good Friday  
24 earthquake were 587 aftershocks, vibrations, land subsidences to  
25 eight feet, uplifts to thirty-eight feet, submarine slides, ground

1 cracks and the disastrous Tsunami that was responsible for ninety  
2 percent of the deaths. Now geologists tell us that subsea lifting  
3 may have been as great as fifty feet. As residents of Kodiak, we  
4 already know a lot about probabilities and vagaries of nature.  
5 We're willing to take our ups and downs so to speak with nature,  
6 it's the people who build pipelines that leak even without earth-  
7 quakes that scare us. Existing life styles, particularly those  
8 built on subsistence, will be difficult to preserve in the fact  
9 of OCS oil and gas development. Subsistence is a way of life for  
10 many residents of Kodiak Island. They rely directly on the land  
11 and its resources through hunting, gathering and fishing. A  
12 growing reliance on a cash economy and increased recreational  
13 pressure on fish and wildlife resources will further erode present  
14 life styles. Local changes in social and economic composition and  
15 patterns produce individual and community stress. Onshore  
16 industrial development related to OCS activities will place new  
17 and complex demands on local government which may not have the  
18 management capabilities to deal with them effectively. Effective  
19 local management of OCS-induced growth is expensive. Local  
20 governments often rely on federal grants for planning and impact  
21 funds. Most grants require a local match ranging from one fifth  
22 to one third of the total project cost. When a great deal of  
23 planning is required over a short time span, it may be difficult  
24 for communities such as Kodiak to finance their share of the cost.  
25 Alaska's Coastal Management Act of 1977 requires local communities

1 to develop local coastal management programs in all OCS-affected  
2 areas. These programs, guided and approved by the Alaska Coastal  
3 Policy Council, permit local residents to determine appropriate  
4 land and water uses in their coastal area and develop policies  
5 and regulations that govern those uses. The Kodiak Island Borough  
6 has only recently begun to formalize the development of a local  
7 CZM program although several earlier CZM related studies conducted  
8 by the Borough have already been completed. We believe the advent  
9 of OCS-related activities prior to completion and adoption of our  
10 Coastal Zone Management Plan will only serve to impede and weaken  
11 its completion while, at the same time, leaving Kodiak's resources  
12 and people vulnerable to adverse impacts from onshore OCS develop-  
13 ments. This present lack of any significant local control over  
14 coastal zone development underlies our concern regarding not only  
15 the protection of our valuable fishery resources, but of other  
16 wildlife species as well. This DEIS contains numerous references  
17 to adverse impacts upon wildlife that will result from OCS activities.  
18 We recognize the vital role birds and marine mammals play in the  
19 ecological relationships of the marine and coastal environments  
20 surrounding Kodiak Island. We view any toward disturbance of  
21 breeding or nesting colonies and rookeries as an unacceptable impact  
22 on the biota of the Kodiak archipelago. For this reason we do not  
23 find it sufficiently reassuring to have this DEIS merely state  
24 that "some protection could be provided." On page 31. To fully  
25 evaluate the impacts of disturbance to bird colonies and marine

1 mammals, we believe relevant existing studies should be referred  
2 to, additional studies made if necessary, and a firm commitment  
3 given to the protection of these resources. We cannot accept as  
4 a foregone conclusion that concentrations of birds and other  
5 creatures must be disrupted merely to conduct the normal day-to-day  
6 activities associated with lease exploration, development, and  
7 production of gas and oil. We believe the summary of probable  
8 impacts found on page 31 to be deficient in several respects with  
9 regard to possible impacts upon these resources and activities  
10 addressed therein. Not only do spills from offshore platforms,  
11 pipelines and onshore facilities offer chances for major or chronic  
12 low-level additions of toxic hydrocarbons to the environment but,  
13 completely disregarded is the additional potential for major spills  
14 to occur as a result of tanker accidents, including collisions  
15 with vessels of foreign fishing fleets which, for the most part,  
16 are large enough to cause substantial damage if struck. The  
17 probability of such an accident occurring is heightened by the  
18 high incidence of foul weather in the area, the reduced maneuvera-  
19 bility of fishing vessels with trawl gear out and by difficulties  
20 involved with communicating between vessels of different national-  
21 ities. Nowhere in this DEIS do we see these problems satisfactorily  
22 addressed. We share a deep concern with the fishermen of Kodiak  
23 over what the DEIS states as the inevitable loss and damage to  
24 fishing gear and operational disruption resulting from OCS activities.  
25 It has not been clearly demonstrated to us why it is the commercial



1 fishery, an established and historic use of a renewable resource  
2 by local residents, that must give way and suffer as a result of the  
3 invasion of an industry solely oriented toward the short term  
4 exploitation of a non-renewable resource, largely by people who will  
5 never call Kodiak Island their home. In closing, let me reemphasize  
6 our position. We are not opposed to the orderly and timely develop-  
7 ment of Alaska's natural resources for the benefit of all Americans,  
8 provided such development takes place without undue environmental  
9 damage or harm to other resources and those who use them. In our  
10 opinion, however, this DEIS fails to insure the degree of care we  
11 require before we can accept it as the basic decision-forcing  
12 document governing OCS development off the shores of Kodiak Island.  
13 Thank you.

14 CHAIRPERSON: Thank you Mr. Hansen. Mr. Chuck Eddy?

15 MR. EDDY: What do you project, Mr. Hansen, is the com-  
16 pletion time for the Kodiak Island Coastal Zone Management Plan?

17 MR. HANSEN: Probably eighteen months at the best. We're just  
18 getting started on it.

19 MR. EDDY: What does the Borough currently have any signifi-  
20 cant tools that it can use in terms of mitigating or planning for  
21 onshore impacts, short of the Coastal Zone Management Plan. Do you  
22 have zoning in the Borough, any other local land use devices that  
23 could be put in effect?

24 MR. HANSEN: Oh yes. We have our own Planning and Zoning  
25 Department, and we have made studies already throughout the

1 community for other than gas. That's a new one on us. We have some  
2 research done on the development of oil. But we haven't...just  
3 started on our Coastal Zone Management Plan.

4 MR. EDDY: There was some discussion this morning of the  
5 enclave concept as a possible solution to some of the potential  
6 problems. Is this something that the Borough has considered? Do  
7 you have any notions at this point as to its viability or doability  
8 under your current...current procedures....current planning  
9 procedures?

10 MR. HANSEN: No, I do not have any idea of just how that's  
11 working out. I know it's being discussed.

12 MR. EDDY: Thank you.

13 CHAIRPERSON: Jim?

14 MR. CURLIN: Uh, Mr. Hansen. You distinguish between planning  
15 for oil and planning for gas. In terms of the difference, could  
16 you...you've been able to identify what the significant differences  
17 in the approach taken both off and onshore with regard to your  
18 planning facilities and also the difference in the hazards that  
19 might evolve in the production of oil in large quantities versus  
20 production of gas in the resource end? I mean, I'm trying to sense  
21 just how significant this change in emphasis from oil to gas is  
22 in terms of your planning?

23 MR. HANSEN: Well, I think it's considerable. Realizing, of  
24 course, that if we are talking just about gas, we're talking about  
25 an LNG plant. At least one, somewhere on the Island. It has been

1 discussed on the road system. That will really impact Kodiak  
2 simply because of the...the thing then will work in with Kodiak  
3 and we're short on help there already.

4 MR. CURLIN: Short on help in terms of labor, labor require-  
5 ments?

6 MR. HANSEN: In terms of labor, yes. Housing and everything  
7 associated with it, of course.

8 MR. CURLIN: And that would be significantly different than  
9 any kind of a trans-shipping point for all oil...or a prior...or a  
10 kind of a first-step processing plant for oil and its--

11 MR. HANSEN: Yes, we feel that it would be a considerable  
12 difference.

13 MR. CURLIN: How about on the offshore resources, now, have  
14 you been able to weigh the hazards that the production of oil  
15 versus the production of gas? It seems like there might be a  
16 trade-off there in terms of hazard to resources?

17 MR. HANSEN: There is that possibility, yes. We have dis-  
18 cussed it, yes.

19 MR. CURLIN: Thank you.

20 CHAIRPERSON: Any other questions? (no response) Mr. Hansen,  
21 you mentioned something about studies with respect to the bird  
22 colonies, Are you aware of other studies or do you have studies  
23 that have not been made available to BLM that we could look at?

24 MR. HANSEN: I am not aware of any specific studies that BLM  
25 is not aware of. (Statement Submitted - See Addendum)

1        CHAIRPERSON:    Okay, okay.    Thank you.    Anyone else have a  
2 question for Mr. Hansen?    (no response)    Thank you very much,  
3 Mr. Hansen.    The next witness is Mr. Dan Ogg, also representing the  
4 Kodiak Borough Assembly.    Can you hear in the back of the room?  
5 Good.    We've got better acoustics in here than we had earlier.

6        MR. OGG:    Good afternoon, distinguished panel.    It's a pleasure  
7 to sit here and be a witness.    My name is Dan Ogg.    I'm a....  
8 excuse me...does this work? (tapping microphone)

9        CHAIRPERSON:    Well, it works for her, but doesn't work for  
10 us.

11       MR. OGG:    Okay.

12       CHAIRPERSON:    Okay, thanks.

13       MR. OGG:    I'm a member of the Borough Assembly for Kodiak  
14 Island.    I am here to give testimony in relation to the DEIS.    As  
15 an assemblyman representing the Kodiak Island Borough, I would like  
16 to go on record as taking a stand of no sale as it relates to the  
17 document Draft Environmental Impact Statement, OCS Sale No. 46.  
18 It is not that we are against the development of oil resources as  
19 a solution to the country's energy shortage, but rather, we oppose  
20 the manner and the lack of information in which the document  
21 outlines the development of this resource.    It is not just Kodiak  
22 and their relation to the socioeconomic fabric of the nation that  
23 is jeopardized by the lack of information, but rather everyone who  
24 is involved, either financially or personally.    Kodiak Island is  
25 the second largest fishing port in the United States.    We are

1 presently proceeding in the direction of a bottom fishery industry  
2 that in some projections could yield one billion dollars annually.  
3 At the present, the bottom fishing is being carried out by foreign  
4 fleets. The effect of the OCS Sale No. 46 on salmon, king crab,  
5 tanner crab, and shrimp are projected in the DEIS, but the effect  
6 upon the bottom fishery is not addressed sufficiently. The difference  
7 is the wage structure between fisheries worker and oil worker will  
8 cause a lack of some manpower to work in the fish plants. As in  
9 Valdez, the port terminal of the pipeline, where fisheries became  
10 non-existent due to the lack of workers, so too this effect can  
11 be foreseen on the fisheries in Kodiak. The draft statement does  
12 not address what these industries are going to do for workers or  
13 how the loss will be reimbursed to the community. It appears to  
14 be neglected. Perhaps BLM could insure a wage subsidy to the  
15 cannery worker so that he will stay in the fishery industry during  
16 the coexistence of both industries. Financially, at the present  
17 time, the Kodiak Island Borough has a realistic bonding capacity  
18 of twenty million dollars. Of this, we are presently using over  
19 half. As the development of Lease Sale No. 46 proceeds under the  
20 DEIS, we will be forced to provide services to the increased size  
21 of the community. The DEIS does not address the financial ability  
22 of the Borough to provide necessary services, i.e., fire, sewer,  
23 water, police, health and education. Under the no sale alternative,  
24 the DEIS states that Kodiak will not benefit from cheaper energy,  
25 because of our dependence upon oil. The DEIS does not address

1 the twenty year struggle of the community to construct a hydro-  
2 electric power dam. Our effort to utilize this energy form has  
3 constantly been delayed by the Federal Government. To forge ahead  
4 into Sale 46 seems to be paradoxical, but in the light of no  
5 National Energy Policy one cannot validly make any judgement as to  
6 the correct solution. Kodiak must be made aware as well as the  
7 rest of the nation as to the exact nature of the trade off that will  
8 be effected by the sale under the DEIS for No. 46. More importantly,  
9 we must be more aware of the delicate relationships which exist in  
10 the ocean and be as correct as possible in making a determination.  
11 The DEIS No. 46 does not make Kodiak well informed enough to support  
12 any other alternative except no sale. Under the DEIS, one is  
13 guaranteed a one year loss in each of the existing fisheries in a  
14 twenty five year period as a minimum. The maximum loss is not  
15 discussed. We would like to have a DEIS that would guarantee that  
16 in exchange for four months of warmth we, as a nation, are not  
17 trading our dinner for eons to come. In closing, I would like to  
18 read the resolution of the Kodiak Island Borough in relation to  
19 the sale. Kodiak Island Borough Resolution No. 80-16-R. A  
20 resolution of the Kodiak Island Borough Assembly recommending the  
21 Secretary of the United States Department of the Interior cancel  
22 proposed Outer Continental oil and gas Lease Sale No. 46 located  
23 in the Western Gulf of Alaska based upon findings that the Draft  
24 Environmental Impact Statement prepared by the Interior Department  
25 is substantively and technically deficient. Whereas, the Kodiak

1 Island Borough has had an opportunity to review the Draft  
2 Environmental Impact Statement for OCS Lease Sale No. 46, and;  
3 Whereas, the Borough finds the impact statement fails to adequately  
4 assess the cumulative impacts of OCS development on physical and  
5 social environs of the Borough, and; whereas, the Borough finds the  
6 DEIS is substantially and technically deficient in its analysis  
7 of impacts on the fishing grounds within and adjacent to the pro-  
8 posed lease sale area, and; whereas, the Borough finds the DEIS  
9 has not adequately assessed the impacts of a major oil spill on the  
10 marine environment and major spawning areas nor does it adequately  
11 assess the effects of such a spill on juvenile fin and shell fish  
12 species, and; whereas, the DEIS does not adequately address the  
13 potential impacts to endangered whale species who annually migrate  
14 through and feed in the proposed lease sale area, and; whereas, it  
15 appears the DEIS does not comply with the National Environmental  
16 Policy Act of 1969 and the National Endangered Species Act of 1973,  
17 and; whereas, the DEIS fails to adequately address the seismic  
18 sensitivity of the proposed sale area and related proposed onshore  
19 support facility locations, and; whereas, the DEIS no-sale  
20 alternative is in direct conflict with the CEQ guidelines, 1978,  
21 developed as part of NEPA process, and; whereas, the DEIS does not  
22 adequately assess the long-term cumulative conflicts and impacts  
23 which will result from a proposed OCS lease and sale No. 60 in the  
24 Lower Cook Inlet, Shelikof Straits area immediately adjacent to the  
25 Kodiak Island Borough on its western shores. Now, therefore, be it

1 resolved by the Kodiak Island Borough Assembly that the Borough  
2 Assembly has no recourse but to recommend to the Secretary of  
3 the United States Department of the Interior that the Secretary  
4 cancel proposed oil and gas lease sale No. 46 based on the  
5 deficiencies of the DEIS and its lack of compliance with the  
6 adopted Federal Regulations. And, be it further resolved that the  
7 Secretary is requested to delay further efforts to hold a sale  
8 until after formal adoption of a National Energy Policy by the  
9 Congress of the United States of America and determine through  
10 the public hearing and administrative process that such a sale,  
11 sale No. 46, is consistent with the policy and vital to the economic  
12 stability of the United States. Thank you very much.

13 CHAIRPERSON: Thank you Mr. Ogg. Any questions of Mr. Ogg?  
14 Jim?

15 MR. CURLIN: I'd just like to say one thing. After...it's  
16 come up a couple of times now, and I think it's perhaps something  
17 we should...we should talk just momentarily about, and that is the  
18 suggestion that there is ever going to be a quote "National Energy  
19 Plan " in terms of making the allocations that I think are suggested.  
20 I appreciate the point, and I don't think anyone can disagree with  
21 the concept that the Government has to do a much better job with  
22 energy planning than they have in the past. But, to perhaps to  
23 expect a plan-co-op-plan, as such, is a little more than reality.  
24 We appreciate your point, I do, at any rate, and I understand what  
25 you're getting at and I don't disagree at all, but in terms of a



1 plan, I don't think we will ever see such for a long time to come.  
2 It's just not the nature of Government to put together a quote  
3 "plan" in the context of making these allocations. I just wanted  
4 to discuss that briefly with you.

5 MR. OGG: Okay. (Statement Submitted - See Addendum)

6 CHAIRPERSON: Anyone else? (no response) Thank you, Mr.  
7 Ogg. Uh, Mr. Frank Tupper, representing the Kachemak Bay Defense  
8 Fund? Is Mr. Tupper here? (no response) Apparently....I'll place  
9 his name at the end of the day since he doesn't appear to be here.  
10 Ms. Patricia Petrivelli, representing the Rural Alaska Community  
11 Action Program? Okay. You're from Ninilchik?

12 MS. PETRIVELLI: No.

13 CHAIRPERSON: Oh. wrong line. That's Frank Tupper. Go  
14 ahead.

15 MS. PETRIVELLI: Okay. My name is Pat Petrivelli and as  
16 Program Associate in the subsistence department of the Rural Alaska  
17 Community Action Program, Inc., I would like first to express my  
18 appreciation for the opportunity to make these comments. Rural Cap  
19 is a private, non-profit corporation, chartered by the laws of the  
20 State of Alaska. Beyond that, it is likewise a community action  
21 agency whose existence is authorized, and whose corporate mandate  
22 is established, by the Economic Opportunity Act of 1964. Rural Cap  
23 is an anti-poverty agency responsible to a Board of Directors  
24 representing virtually every region in the state and all levels of  
25 government which impact on Alaska's various regions and villages.

1 I provide this background so that you might understand where we are  
2 coming from on the important issue of Outer Continental Shelf  
3 development. For some time, we have been closely involved in the  
4 state-wide imperative of protecting the subsistence lifestyle of  
5 rural alaskan people. More recently, we have become specifically  
6 involved in the OCS question, primarily because rural residents  
7 have identified OCS impact as a significant, and most probably  
8 negative, influence upon their lifestyles and cultures. Accordingly,  
9 in November, we co-hosted, along with the Alaska Federation of  
10 Natives and various other important organizations, a major confer-  
11 ence on OCS development. Delegate to that conference represented  
12 every region of the state in which the proposed five-year leasing  
13 schedule would have an effect. After three days of deliberations  
14 of the issues, the delegates voted unanimously to call for post-  
15 ponement of the five-year OCS leasing schedule. I am submitting  
16 a copy of that resolution for the record. We have yet to hear  
17 from the Secretary in response to the concerns we raised. The basic  
18 thrust of the Rural Cap subsistence program is to allow for the  
19 greatest possible participation by local people in both the program  
20 itself and in larger public policy issues. In this instance, it  
21 is the wishes of the people of Kodiak Island that constitute our  
22 main concern. From the testimony you have heard thusfar, and from  
23 our knowledge of the thoughts of those yet to testify, it is quite  
24 evident that the no sale option is the most appropriate one to  
25 exercise. We fully endorse the position of the Kodiak Island

1 residents on this issue. This does not mean, by the way, that we  
2 are responding only to a polling process by which we somehow  
3 magically come up with a public position on this issue. In fact,  
4 as we will demonstrate, the people of Kodiak Island are right.  
5 Their ability to take a good hard look at the merits of the sale,  
6 to weigh the potential negative impacts against the transitory  
7 benefits, and to articulate their concerns with appropriate regard  
8 for the public policy process is, indeed, laudable. Their  
9 conclusion that the sale would neither be in the public interest  
10 nor their own deserves careful consideration. At bottom, the real  
11 question that this panel must ask of themselves is why have a lease  
12 sale at all? Is the evidence in favor of it so overwhelming that  
13 the national interest demands it? We think not. In the first  
14 place, the DEIS shows that this is primarily a gas-prone area.  
15 Secondly, the statement points out that a relatively small amount  
16 of gas would be recovered as a result of the sale. And thirdly,  
17 the oil/gas resource potential and industry interest in this area  
18 is at the absolute bottom of the list of all the OCS leasing regions  
19 in the country. But the sale is proceeding. Why, we ask again,  
20 Why? Notwithstanding the arguable insignificant benefits of the  
21 sale, the DEIS clearly fails to point out the potential costs.  
22 Though not adequately covered by the statement, I am confident that  
23 you will hear of those costs when you travel to Kodiak on Thursday.  
24 What is at stake for the people of Kodiak Island as well as for the  
25 people of the United States is the continued viability of one of

1 the most productive fisheries in the world. The waters surrounding  
2 Kodiak Island have a protein potential that has just begun to be  
3 responsibly exploited. It is at risk if plans for the lease sale  
4 proceed. Of equal, if not more poignant, concern is the resource  
5 called the people of Kodiak Island. A culture dependent upon the  
6 sea and its living resources is at stake. The cultural, nutritional,  
7 economic, and social imperative of subsistence is at stake. A  
8 lifestyle and a unique relationship with nature is at stake. And  
9 yet, it is your intention to proceed. For What? For a small amount  
10 of natural gas that the industry isn't at all that interested in,  
11 for which no ready U.S. market exists, and which, by even the  
12 highest estimates, have little potential impact on energy trade  
13 deficit? Or, perhaps, for the transitory political benefit to be  
14 gained by pressing ahead with a sale about which most Americans  
15 know nothing about. Whatever the reason, it is inexcusable when  
16 balanced against the potential for permanent harm to natural and  
17 human resources. It is hard to believe that this is the same U.S.  
18 Department of the Interior which is so anxious to preserve Alaska's  
19 resources that it can, with apparent impunity, invoke Section  
20 204(c) of the Federal Land Policy and Management Act and deny that  
21 subsistence is a purpose of the resultant wildlife refuges. We  
22 ask that you recognize, for once, that people are a part of the  
23 ecosystem, that living and growing things are more precious to the  
24 national interest than short-term and dubious resource development,  
25 and that you listen carefully to the citizens who will be telling

1 you these things in Kodiak. Thank you.

2 CHAIRPERSON: Thank you, Ms. Petrivelli. Uh, Ray?

3 MR. KARAM: I have one question. Maybe more by way of  
4 comment. We've heard from quite a number of witnesses and from you  
5 too, Ms Petrivelli, that there would be, automatically there's  
6 going to be some permanent harm to environmental resources, cultural,  
7 nutritional, economic and social characteristics of the natives, or  
8 of the alaskan citizens, or of others. Is everybody convinced that  
9 this is the case, that there is going to be permanent harm? Is that  
10 the message you want to give us, that through your studies and your  
11 calculations and your analyses there's just no way that you can have  
12 oil and gas without permanent harm?

13 MS. PETRIVELLI: Uh, well... It's...well with studies and stuff,  
14 I don't know how you can prove that there would be or wouldn't be,  
15 but it's just the idea that the industry coming in and interposing  
16 itself upon, and well...I know it's hard to say, but it will have  
17 a permanent affect. You can't say that it won't. You know.

18 MR. KARAM: Well, okay, that clarifies it for me. It's more  
19 that you can't say it won't have permanent harm rather than anybody  
20 being able to demonstrate that it will have permanent harm? Is  
21 that correct?

22 MS PETRIVELLI: Yeah, it would be harder...you know that it  
23 will, it's just hard to determine what they will...and more likely  
24 than not, they aren't beneficial.

25 MR. KARAM: Well, is harm necessarily change? Or is change

1 necessarily harm? As far as Alaska's concerned? Uh, see, I'm  
2 not that familiar with Alaska. I'm not that familiar with sub-  
3 sistence cultures. I'm not that familiar with the values of Alaska  
4 that apparently are wanted to be maintained. I hear alot about  
5 them, but I don't have any personal knowledge or experience. And  
6 I just want to ask the question--

7 MS. PETRIVELLI: Okay, for me personally--

8 MR. KARAM: --and you seem to be an expert in this area. Is  
9 change necessarily harm?

10 MS. PETRIVELLI: Okay, for me personally, I'll tell you the  
11 way I see it. Because, if the OCS does come in and if it takes  
12 away any of the resources that are involved with subsistence, and  
13 say it's fishing or something. You destroy that population for one  
14 season, then that means a couple of years later, the one's that...  
15 it...you'll just knock it out for a cycle, you know. I mean you  
16 could try to reinhance it or whatever, but it...Uh, that would be  
17 taking food away from people that normally utilized that resource.  
18 And maybe they would be able to utilize a different kind, but it  
19 is a part of a way of life. And you'd be changing a way of life  
20 by taking one part of it away. And by hampering its activity by  
21 one way or another. You upset...it's just the whole word, ecosystem.  
22 You change one part and you upset the whole balance.

23 MR. KARAM: Yeah, but isn't that in the natural course of  
24 things, I mean we can't live our lives without changing and things  
25 being different today than they were yesterday, and different more

1 tomorrow than they were today?

2 MS. PETRIVELLI: Yes, but. But having such a lease sale,  
3 That's a major impact, that isn't something that... You say you  
4 can try to have minor impacts from it, but, I mean that would take  
5 the studies to see how much you would be affecting the balance and  
6 that hasn't been adequately done to show how the minor or major  
7 things that... Well, it's not been taken into consideration.

8 MR. KARAM: So, it's a matter of degree then, I guess, more  
9 than it's a matter of something happening? Is that fair?

10 MS. PETRIVELLI: Well, I wouldn't be able to say. It would  
11 have to be...there would have to... The degree, any of it would be  
12 of a major impact, but it would, to me... But, I would have to  
13 leave it up to other people to say which way.

14 MR. KARAM: Thank you.

15 CHAIRPERSON: Jim?

16 MR. CURLIN: Esther. Ms. Petrivelli, you're a very able  
17 spokesman for your position. I think you should be congratulated.  
18 Subsistence is one thing that I see as a factor that kind of moves  
19 throughout the whole treatment of Alaskan natural resources. That  
20 is the utilization of Alaska natural resources, You know, there's...  
21 there's been one suggestion made, incidently, by your Congressional  
22 delegation in Washington, that we should go very cautiously in  
23 developing offshore resources that are extremely sensitive in the  
24 vane that we're talking about the Kodiak's sale; and one way in  
25 which they perceive this being done is to emphasize onshore

1 development of oil and gas resources with concurrently less hazard  
2 to resources. But, then again, we're confronted by this same  
3 discussion and concern about onshore subsistence values. Which  
4 are limiting, to some extent, the development of onshore resources  
5 at the same time we're trying to argue that the development of those  
6 might offset the demands on the offshore resources. It puts us in  
7 a bit of a dilemma, and I guess, quite frankly, you can tell by the  
8 questions we ask that the matter of subsistence is one that so  
9 foreign to us in terms of our experiences in the lower forty-eight,  
10 that it's difficult for us to grapple with these problems of just  
11 what the impacts are in real terms that we can understand. So,  
12 if you'll just be tolerant of our apparent ignorance in asking  
13 these questions, I think it's truly trying to get at the real  
14 basis for your concerns.

15 MS. PETRIVELLI: Thank you. (Statement Submitted - See Addendum)

16 CHAIRPERSON: Thank you Jim. Any other comments? (no  
17 response) Thank you very much. Is Mr. Dave Herrnsteen in the  
18 audience? Mr. Herrnsteen? (no response) Mr. James Cobis? (no  
19 response) Mr. James Cobis? (no response) We are running a little  
20 bit ahead, and I promised not to make everybody sit as long this  
21 afternoon as we did this morning, so, why don't we take about a  
22 ten minute coffee break and maybe Mr. Cobis and Mr. Herrnsteen will  
23 have arrived by that time.

24 (OFF THE RECORD)

25 CHAIRPERSON: Let's come back to order please. Has Mr.



1 Herrnsteen come in? (no response) Mr. Cobis? (no response)  
2 Mr. Tupper? (no response) The next person scheduled to testify  
3 is Mr. Glen Matnes or Maytnes, how do you pronounce your name?  
4 (no response) Are you here? My goodness, I rushed everybody this  
5 morning, and here we've got all this time this afternoon. Mr....  
6 this is a panel next scheduled, representing the Alaska Oil and  
7 Gas Association, Mr. William Meyers. Are you testifying as a panel  
8 or individually?

9 MR. MEYERS: We'd like to testify as a panel.

10 CHAIRPERSON: All right. Mr. Meyers, representing Alaska and  
11 Oil and Gas Association. Mr. William Crain, representing Chevron  
12 Oil Company. Mr. M. L. Woodson, representing Shell Oil Company.  
13 And Mr. Robert Bernhardt, Manager of the Gulf of Alaska Clean-Up  
14 Organization. I think we need another chair at the table. Is  
15 Mr. Bernhardt here?

16 MR. MEYERS: Yes he is, Ma'am yes he's here. He'll just  
17 take one of the places here when one of these gentlemen finish.

18 CHAIRPERSON: All right, fine. Please begin.

19 MR. MEYERS: Mrs. Wunnicke, members of the panel. I am  
20 William M. Meyers, and I'm here today representing the Alaska Oil  
21 and Gas Association, AOGA. Many of AOGA's members are directly  
22 interested in the exploration for oil and gas in the Alaskan OCS.  
23 AOGA has requested and obtained permission to make a multiple  
24 witness presentation. This AOGA appearance will, no doubt,  
25 expedite the hearing process because most of its members will

1 forego individual presentations at these hearings. Before proceeding  
2 with the first AOGA witness, a few brief comments might be in  
3 order. Some of you may recall that the first sale of Federal  
4 Leases in a so-called OCS frontier area, involved tracts in the  
5 Gulf of Alaska. This was OCS Lease Sale No. 39. The public sale..  
6 uh, the public hearing for sale No. 39 was held in Anchorage in  
7 August of 1975 and was highly controversial. Suit was instituted  
8 to enjoin the lease sale, but was unsuccessful. At that time, the  
9 industry took the position that it had never entered a new operations  
10 area so well informed, well equipped, and well trained as it was  
11 for the exploration and development of the petroleum potential of  
12 the Gulf of Alaska. The industry believed that it was substantially  
13 better prepared, equipped and supported than it was at the time of  
14 commencement of operations in the hostile and severe environment of  
15 the North Sea. It possessed more and better data on basic environ-  
16 mental conditions and structural designs, its personnel was more  
17 capable, trained and experienced, and a larger, well-developed  
18 and experienced corps of competent contractors was available to it.  
19 And what has happened in the four and one-half years that have  
20 elapsed since that 1975 hearing? During that period, numerous wells  
21 have been drilled, not only in the Gulf of Alaska, but in other  
22 frontier areas of the OCS such as the Baltimore Canyon, the South-  
23 east Georgia Embayment, Offshore California, and the Lower Cook  
24 Inlet. All of these operations have been conducted without un-  
25 foreseen difficulty and without significant adverse effect on the

1 environment or the adjacent onshore area. Therefore, the data base  
2 has been enlarged, equipment and procedures improved, and the  
3 cadre of highly competent and experienced personnel has increased.  
4 Consequently, and while the industry does indeed respect the  
5 challenges imposed by the severe physical conditions of the Gulf  
6 of Alaska, it has the demonstrated ability to operate safely in  
7 that area. It is also important to note that during that four and  
8 a half year interim there have been drastic revisions in the Outer  
9 Continental Shelf Lands Act and the regulations governing OCS  
10 operations. These revisions include virtually all of the protect-  
11 ive provisions deemed necessary by those who have opposed offshore  
12 petroleum operations in the past. Recently, James A. Joseph,  
13 Under Secretary of the Department of the Interior, made the  
14 following comments concerning OCS operations in general. And I  
15 believe that these comments will help to add a little perspective  
16 to this hearing. Secretary Joseph said, "The Outer Continental  
17 Shelf of the United States is one of the keys to eliminating the  
18 energy dependence which has made this country so vulnerable.  
19 Production of OCS oil and gas is domestic, it is secure, it is  
20 dependable. OCS production is far less costly than many of our  
21 domestic energy alternatives. OCS production provides jobs and  
22 puts money into the pockets of American tax payers, not foreign  
23 powers. OCS production need not conflict with environmental  
24 values." Secretary Joseph continued and stated, "That the U.S.  
25 OCS program has an excellent safety record. Offshore oil in the

1 U.S. OCS has had only one major pollution incident in its history,  
2 Santa Barbara ten years ago. It has not caused harm to valuable  
3 commercial and recreational fisheries anywhere it is operating,  
4 in the Gulf of Mexico, in the Atlantic, off California, and Alaska.  
5 It has not had damaging effects on the economy or the quality of  
6 life in coastal areas." And the final comment from Secretary  
7 Joseph is most pertinent. He stated that, "even with the best  
8 technology, the best training and the strongest precautionary  
9 measures, the environmental risks of energy development of any  
10 type cannot be reduced to zero. However, the costs and risks of  
11 not pursuing an aggressive energy development program, both on  
12 the OCS and onshore, are clearly going to be increasingly unaccep-  
13 table, economically, politically, environmentally and socially."  
14 Those statements were delivered by Secretary Joseph at the annual  
15 meeting of the OCS Advisory Board in Norfolk, Virginia on December  
16 6, 1979. A complete copy of this statement is attached to the  
17 written copy of my statement. Proceeding on with the AOGA  
18 presentation, our first witness is Mr. William E. Crain, of Chevron  
19 U.S.A. Inc. (Statement Submitted - See Addendum)

20 MR. CRAIN: Mr name is William E. Crain. I am manager of  
21 exploration for the Alaska division of Chevron U.S.A. Incorporated.  
22 I welcome the opportunity to appear before you today as a represen-  
23 tative of the Alaska Oil and Gas Association. My remarks in  
24 connection with the OCS Sale No. 46 will be confined to our nation's  
25 need for increased domestic oil and gas supplies, the prospects

1 offered by sale 46, and the importance of holding this and other  
2 OCS sales in a timely manner according to an orderly schedule.  
3 The BLM's Draft Environmental Impact Statement for Sale No. 46  
4 fully recognizes the critical need for additional domestic  
5 petroleum supplies. Because this is the major underlying reason  
6 for this or any OCS sale, let me sharpen the focus on this issue  
7 with a few further observations. Our country currently consumes  
8 about seventeen million barrels per day of petroleum, of which we  
9 import about eight million, or forty-seven percent. Spot market  
10 prices for crude have reached forty dollars per barrel in the  
11 world market, and much oil is moving at thirty dollars a barrel.  
12 Therefore, it is not unreasonable to assume that we will soon be  
13 paying thirty dollars a barrel for our imported oil, resulting in  
14 a drain on our economy of some two hundred and forty million dollars  
15 a day, or eighty-eight billion dollars annually. The Department  
16 of Energy's estimate of our 1980 oil import costs, recently cited  
17 by Secretary Duncan, is eighty-three billion dollars. The pressure  
18 which this cash outflow places on our economy is intolerable. It  
19 erodes the value of the dollar, increases our balance of payment  
20 deficit, threatens our national economic stability, and our future  
21 economic growth. President Carter has told us that each five  
22 billion dollars spent for imported oil costs the U.S. economy two  
23 hundred thousand domestic jobs. Furthermore, such heavy dependence  
24 on unreliable foreign crude supplies, as exemplified by current  
25 events in the near East, jeopardizes our national security, and

1 especially our defense establishment, which cannot maintain an  
2 effective posture without assured supplies of petroleum products.  
3 The chart following page one of the DEIS forecasts U.S. consumption  
4 of oil in 1990 at about twenty-four million barrels a day, of which  
5 only ten million barrels are predicted to be produced domestically.  
6 If we assume a very conservative increase in price to forty dollars  
7 a barrel, then by 1990, our cost to import fourteen million barrels  
8 a day would be five-hundred and sixty million dollars, or two-  
9 hundred and four billion dollars per year. These relationships  
10 simply serve to emphasize the urgent need to accelerate our domestic  
11 exploration and development program and thereby reduce as much as  
12 possible our need to import foreign oil and gas. The Outer  
13 Continental Shelf of our country offers one of the last great  
14 frontier regions for our search for new petroleum resources. Sadly,  
15 our nation has fallen dramatically behind the rest of the free  
16 world in exploring and developing its offshore regions. Only two  
17 percent of the U.S. Outer Continental Shelf is currently under  
18 lease, whereas forty-two percent of the free world's shelf area  
19 is under lease or exploration contract. With hundres of millions  
20 of acres of our onshore public lands currently being closed to  
21 resource development, it becomes increasingly important to proceed  
22 with a vigorous, ongoing schedule of OCS sales. Only by drilling  
23 in every potentially prospective region can we evaluate our  
24 remaining potential and properly design future plans to meet our  
25 national energy requirements. The time is late. It takes seven

1 to ten years to bring new OCS frontier region discoveries on stream.  
2 We have already lost precious time debating our programs and  
3 policies. The need for immediate and on-going OCS sales is urgent.  
4 The resource estimates given in the DEIS for sale No. 46 are quite  
5 modest. Assuming discoveries, a mean of five-and-a-third trillion  
6 cubic feet of gas and a hundred and seventy-six million barrels  
7 of condensate are forecast. Some industry analysts may believe  
8 these figures are too low. But any such estimates, whether by  
9 government or industry, should be viewed in the light of historic  
10 experience. I will not recite for you the long record of grossly  
11 erroneous forecasts in areas such as the North Slope, the North  
12 Sea, Bay Marchand in the Gulf of Mexico, and the Rocky Mountain  
13 Thrust Belt, where great discoveries followed dismal prior pre-  
14 dictions. Or, on the negative side, the Gulf of Alaska, the Destin  
15 Anticline, and the Tanner-Cortes Banks of Southern California.  
16 Rather, I want to emphasize that we cannot let our pre-sale guessti-  
17 mates turn us aside from any region offering potential for new  
18 discoveries. It is only by the evaluation of all such areas that  
19 we can be certain we are not passing up another Prudhoe Bay or a  
20 great oil and gas province such as is now developing in the Rocky  
21 Mountain Thrust Belt. There are other very important reasons for  
22 proceeding with this and each scheduled sale. We must always be  
23 conscious of the fact that our total domestic petroleum supply is  
24 made up of some twenty-two thousand fields, which produce an average  
25 of only three hundred and fifty barrels a day. The average U.S.

1 well, of which there are five hundred thousand, produces only  
2 sixteen barrels a day. In other words, our total supply is the  
3 sum of many small increments, and each is no less important than  
4 the other. The fact that the entire consumption of oil in the  
5 U.S.A. came from one oil field, Prudhoe Bay, the largest oil field  
6 in North America, Prudhoe Bay field would be depleted in less than  
7 a year and a half. It must also be remembered that oil and gas  
8 exploration is a building process, whereby each additional bit of  
9 information and data constitutes a step towards...forward towards  
10 unraveling those geologic puzzles. The solution of which leads  
11 to further discoveries and improved methods of finding and pro-  
12 ducing the resource. Thus, even though a particular sale, and the  
13 ensuing exploratory effort may not result in a commercial discovery,  
14 it may well provide the rosetta stone required for future successes.  
15 Both continuity of effort is required to insure efficient utili-  
16 zation of both capital and manpower. In a very real sense, this is  
17 exactly what happened in provinces such as the North Slope, the  
18 North Sea, the Rocky Mountains and elsewhere. Early drilling  
19 failures in these regions provided critical data leading to the  
20 conceptual understanding which ultimately brought about the great  
21 discoveries. Finally, we must all face an uncomfortable but very  
22 fundamental and important fact, which is, that it is equally as  
23 imperative to find out what petroleum resources we do not have,  
24 as it is to discover those which we have, but have not yet found.  
25 It is only by a prompt and thorough evaluation of our domestic



1 petroleum potential that we can make sound decisions with respect  
2 to our national commitment to the development of alternate energy  
3 sources, such as coal, nuclear, solar, synthetic fuels, and a host  
4 of other less advanced technologies. The capital generated by  
5 successful domestic petroleum exploration will enable the private  
6 sector to expand and intensify its efforts to research and develop  
7 these alternate energy sources. Petroleum resources are the bridge  
8 to a new energy future, and we must strengthen and lengthen this  
9 bridge to the greatest possible extent. With these thoughts in  
10 mind, sale No. 46 is as important as any sale. Two-thirds of the  
11 U.S. Outer Continental Shelf between the state and federal boundary  
12 and the two-hundred meter water depth contour lies off Alaska.  
13 The importance of expeditiously exploring this vast region, some  
14 five-hundred and sixty thousand square miles, cannot be overstated.  
15 Sale No. 46 will only be the fifth OCS sale in Alaskan waters,  
16 assuming the scheduled Yakutat sale is held in October. Proposed  
17 future sales will offer a total of ten point nine million acres,  
18 according to the DOI's five-year plan, or only seventeen thousand  
19 square miles of the five-hundred and sixty thousand cited above.  
20 In other words, approximately three percent. At this rate, it will  
21 take many sales and many years, and many exploratory wells to even  
22 partially evaluate the Alaskan shelf region. Therefore, sale 46  
23 constitutes an important link in the chain of events, and certainly  
24 should be conducted as scheduled. Thank you.

25 CHAIRPERSON: Thank you, Mr. Crain. Do you want questions

1 now of the individual panel members?

2 MR. MEYERS: Whatever the panel desires.

3 CHAIRPERSON: I think when you've finished, then we'll address  
4 the whole panel.

5 MR. MEYERS: All right. (Crain's Statement Submitted -  
6 See Addendum)

7 MR. MEYERS: Our next spokesman is Mr. M. L. Woodson of Shell  
8 Oil Company.

9 MR. WOODSON: My name is Peter Woodson. I am production  
10 Superintendent for Shell Oil Company and I'm presently responsible  
11 for Shell's operations in Alaska. Following my graduation from  
12 the University of California in 1954 with a Bachelor of Science  
13 degree in mechanical engineering, I have worked in the field of  
14 drilling engineering and operations for twenty-three of my twenty-  
15 fives years with Shell. From 1959 to 1964, I was involved in early  
16 floating drilling operations. During this period, I worked with  
17 the design of underwater equipment, supervised operations, and was  
18 project engineer for Shell's Cook Inlet drilling operation. Since  
19 then, I have had a wide range of assignments, including consulting  
20 for Shell U.K. on floating drilling problems in the North Sea,  
21 deep geopressured drilling in central Mississippi, involving  
22 hydrogen sulfide, and in drilling Shell's Cognac discovery in  
23 eleven-hundred feet of water in the Gulf of Mexico. I returned to  
24 Alaska three and one-half years ago to supervise Shell's drilling  
25 operations in the Gulf of Alaska, and at the conclusion of those

1 operations, took my present assignment. The purpose of my state-  
2 ment is to review our operational experience, particularly in the  
3 Gulf of Alaska, and to describe our demonstrated capability to  
4 drill on those tracts scheduled for offering in the proposed  
5 western Gulf of Alaska lease sale. Anticipating the weather would  
6 be the outstanding feature of the Gulf of Alaska, the oil industry  
7 started a series of studies in the late sixties. These studies  
8 included an extensive wind and wave measurement program, a wave  
9 hindcast study and a current measurement program. In addition,  
10 studies were conducted in other areas such as superstructure icing,  
11 anchor holding, mooring, and rig and riser fatigue. After analysis  
12 of data, it became obvious that the weather profile for the Gulf  
13 of Alaska was similar to, and possibly slightly worse, than the  
14 North Sea. The industry found that quite a number of semi-sub-  
15 mersible rigs had been designed for and proven under North Sea  
16 conditions. Five major oil companies selected rigs of various  
17 suitable designs and conducted drilling operations in the Gulf of  
18 Alaska starting in the early fall of 1976 and continuing until the  
19 summer of 1978. In all, ten exploratory wells were drilled during  
20 this period of almost two years. From the standpoint of wind and  
21 waves, the winter storms during this two-year period did not  
22 represent the worst that the Gulf had to offer, but, they were  
23 somewhat more severe than what might be considered normal. Twenty-  
24 five and thirty-foot significant seas occurred commonly, and  
25 maximum waves in excess of fifty feet were measured on a number of

1 occasions. Winds of forty-five and sixty knots were frequently  
2 observed and we saw gusts to eighty knots. Our predictions indicate  
3 that storm conditions in the Kodiak area will be very similar to  
4 the Northern Gulf of Alaska. Weather, however, was not the only  
5 hazard encountered in the Northern Gulf. The geology of plate  
6 techtonics also played a prominent roll in our drilling operations.  
7 Along the northern rim of the Gulf, the earth's Pacific Ocean plate  
8 is being driven beneath the North American Continental Plate. The  
9 resulting stress-induced well bore problems and high trapped pore-  
10 pressures require special attention in drilling plans. In general,  
11 the industry approached the Gulf of Alaska with state-of-the-art  
12 equipment and techniques. We employed such items as two-hundred  
13 foot class North Sea type supply boats with five-thousand to eight-  
14 thousand horsepower, Sikorsky S61 helicopters equipped for full  
15 IFR flight, Tacan navigational systems giving the aircraft its  
16 exact position from a rig or other landing area, fully certified  
17 on-board weather stations, on-board medical facilities with para-  
18 medics available, and diving equipment and crews capable of one-  
19 thousand foot full saturation dives. The operators in the North-  
20 ern Gulf of Alaska found that the various semi-submersible rigs used  
21 all performed satisfactorily as expected. The well bore problems  
22 and high pore pressures were successfully countered with proper  
23 planning, training and established drilling techniques. The  
24 industry was successful in safely drilling over a hundred and  
25 thirty-seven thousand feet of hole in an environment very similar

1 to that of the Kodiak Shelf. Before drilling commenced in the  
2 Northern Gulf, much concern was expressed regarding the supposed  
3 incompatibility between the fishing and drilling operations. To  
4 my knowledge, no such incompatibility actually occurred. As the  
5 two year drilling operation was winding down, a fisherman stated  
6 it simply. It was a large and empty piece of ocean in which he  
7 had to derive his livelihood. And the presence the large semi-  
8 submersible drilling rigs in the area added an additional life  
9 support system otherwise unavailable to fishermen working in the  
10 stormy Northern Gulf of Alaska. It created both physical and  
11 mental reassurances to the fishermen who knew that instead of  
12 working a day or more away from safe harbor or rescue facilities,  
13 that they were in an area tht was regularly traversed by both  
14 hilicopters and large vessels with rescue capability. There is  
15 one particular subject that I would like to touch on briefly and  
16 in a little bit more detail. This is the discharge of mud and  
17 drill cuttings into the water. The major component of this  
18 discharge is rock chips, since the mud is being recirculated down  
19 the hole. When normal solids control equipment is in operation,  
20 bulk discharges of mud are infrequent. For example, six or so  
21 discharges of from one-hundred to three-hundred barrels over a  
22 ninety-day period would be typical. These bulk discharges usually  
23 last for ten to twenty minutes. Research on environmental fate  
24 and effects of drilling mud and cuttings has been conducted in most  
25 geographical areas, from under the ice in the Beaufort Sea, to

1 Lower Cook Inlet, to Southern California, to the Baltimore Canyon  
2 and Maine. These studies have covered both physical fate and  
3 biological effects. I would like to try to summarize these studies  
4 in a very few sentences. Due to the rapid dispersion process active  
5 in the ocean, discharges are diluted to normal background levels  
6 within a few hundred meters of the discharge point. Toxicity  
7 studies indicate that whole muds are not extremely toxic. As a  
8 matter of fact, the concentrations required to cause toxic effects  
9 don't exist more than a few dozen meters from the point of discharge.  
10 In my opinion, the real verification of this somewhat oversimplified  
11 summary is that, although we have drilled over twenty-three thousand  
12 offshore wells, all of the different government and academic studies  
13 in offshore areas have failed to find any significant detrimental  
14 effects due to the discharges associated with drilling operations.  
15 It would be truly unfortunate to add to the extremely high cost....  
16 to add the extremely high cost of some form of remote disposal of  
17 mud and cuttings to the consumers' already rapidly increasing  
18 energy bill. In summary, I feel that the oil industry has clearly  
19 demonstrated it's capability to operate in the Gulf of Alaska in  
20 coexistence with fishing and other users of the area. We are  
21 confident of our ability to operate safely anywhere in the Gulf.  
22 At the same time, however, we have a healthy respect for the  
23 oceanographic conditions we will encounter. This has been evidenced  
24 by our careful selection of equipment and people and our application  
25 of established drilling methods using the latest state-of-the-art

1 in all phases of our operations. (Statement Submitted - See  
2 Addendum)

3 CHAIRPERSON: Thank you, Mr. Woodson.

4 MR. MEYERS: Our last spokesman is Mr. Robert Bernhardt.

5 MR. BERNHARDT: My name is Robert B. Bernhardt. I'm the  
6 Manger of the Gulf of Alaska Clean-up Organization and responsible  
7 for the organization's oil spill clean-up equipment that is presently  
8 positioned in Yakutat, Kenai, and Anchorage, Alaska. In addition  
9 to the administrative functions of Manager, I'm in charge of the  
10 maintenance of all the GOACO materials and equipment. Three oil  
11 spill response organizations have been formed by industry in  
12 Alaska. The aforementioned Gulf of Alaska Clean-up Organization,  
13 GOACO, the Cook Inlet Response Organization, CIRO, and the Alaskan  
14 Beaufort Sea Oilspill Response Body, ABSORB. The memberships of  
15 these organizations have considerable expertise in spill contain-  
16 ment and clean up. These clean-up organizations each have a common  
17 purpose, to provide a stockpile of containment and clean-up equip-  
18 ment to be used in a marine oil spill emergency in their area...  
19 respective area of interest and to provide training to personnel  
20 who will operate the equipment as a clean-up system. Industry  
21 takes extreme measures in offshore drilling and producing operations  
22 to prevent oil spills. These measures include intensive training  
23 to reduce human error, installation of safety and pollution control  
24 equipment and operating and inspection procedures to insure proper  
25 functioning of this on-site equipment. All offshore operations are

1 carefully regulated by the United States Geological Survey, the  
2 USGS. The USGS requires all safety systems to be tested at  
3 regular intervals. In addition, the USGS conducts inspections,  
4 many of which are unannounced, of drilling rigs and platforms to  
5 spot check these tests. These stringent inspections, together  
6 with exacting industry safety programs and systems, considerably  
7 reduce the chances of an oil spill. However, no matter what  
8 safeguards are taken, the possibility of a spill cannot be elimin-  
9 ated entirely. For that reason, the industry has designed its  
10 various Alaskan oil spill response organizations to provide the  
11 offshore petroleum operators with the capability of responding  
12 rapidly to a spill. Our immediate objective, in the event of a  
13 spill, is to commence containment and clean-up operations as  
14 expeditiously and efficiently as possible. The Gulf of Alaska  
15 Clean-up Organization was formed in 1975 by twelve oil companies  
16 to provide oil spill clean-up capability for the then impending  
17 lease of tracts in the Gulf, OCS Sale No. 39. There are presently  
18 five participants, the GOACO has an inventory of oil spill con-  
19 tainment and clean-up equipment costing in excess of one million  
20 dollars. Included in this inventory are oil containment booms,  
21 command and control vans, skimming devices, separator tanks,  
22 dispersants, sorbents, and support equipment. A listing of the  
23 equipment is attached. During the time that drilling operations  
24 were being conducted in the Gulf of Alaska on Sale No. 39 leases,  
25 training sessions in the deployment and use of its equipment were



1 conducted by GOACO in Yakutat, Seward and Homer. The area of OCS  
2 Sale No. 46 is also in the area of interest of the GOACO. The  
3 Cook Inlet Response Organization was formed by thirteen companies  
4 to provide oil spill response capability for the upper and lower  
5 Cook Inlet. These companies are engaged in many phases of oil  
6 industry operations, including offshore and onshore drilling and  
7 production, refining, transportation and marketing. The original  
8 cost of CIRO containment and clean-up equipment was approximately  
9 one million three hundred thousand dollars. A listing of that  
10 equipment is also attached. In addition to stockpiling and  
11 maintaining equipment, CIRO provides training to insure that the  
12 equipment can be rapidly deployed and properly used. Last year,  
13 for example, CIRO provided training for six contractor personnel  
14 and sixty-seven oil company employees to make certain qualified  
15 people are available to operate the equipment at all times. CIRO  
16 is presently organizing and implementing the Cook Inlet Response  
17 Team, or called CIRT. The purpose of CIRT is to provide a rapid  
18 initial response and follow up to an oil spill in CIRO's area of  
19 interest. CIRT will be staffed by the aforementioned trained  
20 company people. The other clean-up organizations will probably  
21 also have CIRTs when activity in their areas warrant them. The  
22 CIRO equipment is available for use in the Gulf of Alaska in the  
23 unlikely event a spill should occur. Likewise, the GOACO equipment  
24 is available to CIRO or others in need of it. In fact, much of  
25 the GOACO equipment is presently under the temporary control of

1 CIRO because of the lack of activity in the Gulf of Alaska. Each  
2 spill response organization has a contingency plan for its area  
3 of interest. In addition to containing the equipment lists of  
4 the respective organizations, each plan lists the equipment and  
5 materials maintained by other response organizations, the Coast  
6 Guard, Alyeska Pipeline Service Company, and local contractors.  
7 It is the industry's intent that the Alaska Oil Spill Response  
8 Organizations share their expertise and common interests. To  
9 further this goal, the three Alaska organizations, ABSORB, CIRO,  
10 and GOACO have each hired a manager and leased a suite of adjoining  
11 offices for them, thereby providing daily interface. I also serve  
12 as the materials and maintenance specialist for both GOACO and  
13 CIRO assuring that all equipment is properly maintained. It is  
14 intended that the present cooperation between CIRO and GOACO will  
15 extend to ABSORB when this organization becomes fully operational.  
16 In conclusion, I want to emphasize that, with the stringent  
17 regulations currently in effect and with the industry's safety  
18 devices and protection systems, the probability of a significant  
19 oil spill in the proposed lease area is remote. However, if oil  
20 is spilled, the industry's containment and clean-up organizations  
21 will be ready to respond to the incident quickly to minimize its  
22 effects and to reduce the possibility of oil reaching the shore.  
23 Thank you. (Statement Submitted - See Addendum)

24 CHAIRPERSON: Thank you, Mr. Berkhardt. Uh, I guess Mr.  
25 Crain is going to come up now. Chuck? Mr. Eddy has a question.

1        MR. EDDY:    We've had a lot of discussion during the day and  
2 it's also discussed in the EIS and that is the...uh,...the stated  
3 low level of industry interest in this sale relative to other  
4 areas. Uh, Mr. Crain, in your statement, you indicate that you  
5 felt that sale 46 was as important as any other OCS sale. Could  
6 you expand on this a little bit? And give us, if you can, your  
7 perceptions of the level of interest that we might anticipate from  
8 industry in this sale?

9        MR. MEYERS:    Mr. Eddy, if I might intervene here. I'm a  
10 little bit concerned at this point about the anti-trust laws if  
11 one of the companies that are up here were to express interest or  
12 disinterest in this sale. Uh, I certainly don't want to uh...uh  
13 refuse any information that you want and need, and I don't want to  
14 put words in Mr. Crain's mouth. Uh, I think Mr. Crain, and I'll  
15 let him answer it, but I don't think that, for his own protection,  
16 that he should state whether his particular company is interested  
17 or disinterested or whether he knows of another company that is.  
18 But he may be able to deal with the subject generally.

19        MR. EDDY:    I'm certainly not....that's good conservative  
20 legal advise, and I'm certainly not asking for...from an individual  
21 company to accept it, but I think from the standpoint of the people  
22 in the room. We've had so much discussion about the low level of  
23 interest in this sale that it might be helpful if we could hear  
24 from you, perhaps some general perceptions of this situation.

25        MR. MEYERS:    Go ahead.

1        MR. CRAIN: Well, first, a few years ago there was a poll  
2 made by industry....uh, made by government of industry in which they  
3 ranked the various basins on its oil and gas potential, and also  
4 in the order that they wanted to pursue the sales and that's all  
5 been published. And somebody quoted earlier today, the Kodiak  
6 Shelf is ranked something like nineteen out of twenty-one, or  
7 nineteenth out of twenty-third place. I'm not sure which. Uh,  
8 can you hear all right? That assessment was made by each company  
9 individually, on the basis of the information that it had, which  
10 included seismic data in the offshore, it included the outcrop  
11 data on the Kodiak Island, throughout the Cook Inlet area and the  
12 Gulf of Alaska area. Uh, I think the only comment I make, and  
13 its a bit repeating what was said in the testimony, is that all  
14 of these things are really truly very much guesstimates. If  
15 you'll recall that same poll, the Gulf of Alaska or the northern  
16 Gulf was ranked perhaps second or third. And if you were to have  
17 another poll today, you'd find that that would be well down the  
18 list. I think that the entire accepting procedure can only be  
19 made by adequate drilling. And, of course, this is the reason we  
20 feel lease sales are important. So we can get in there and do some  
21 drilling, take a look at the basin itself and analyze that data,  
22 and only at that time, can really a true assessment come of the  
23 overall potential of a basin.

24        MR. EDDY: Would you care to venture again in reaction to a  
25 number of comments received this morning, what level of activity

1 might you guess, if you would care to venture a guess, would be  
2 experienced during the exploratory phase, given the...this parti-  
3 cular sale, the number of tracts that might be offered. Would it  
4 be as intensive as was experienced in the Northern Gulf of Alaska?  
5 Less intensive? Do you have any general thoughts on that?

6 MR. CRAIN: Well I...I...in a quality of sense, I could  
7 answer it in this respect. Of course, here again, it will depend  
8 on the drilling. If the drilling results would come out comparable  
9 to what we had in the central Gulf where at least eleven wells  
10 were drilled, that may be...you could eventually make some initial  
11 assessment and perhaps ten, twenty wells or whatever. It just all  
12 depends on the initial results of the well. But, I think that,  
13 again,...I...perhaps should have even hesitated mentioning a number  
14 like ten to twenty. Because that doesn't have any real realistic  
15 value either. I think eleven did a pretty adequate job in that  
16 one area in the northern Gulf, as you recognize, there isn't much  
17 drilling in there. But then if a new wave of technology came along,  
18 some better seismic data, a breakthrough in seismic technology, for  
19 example, another bright idea by a geologist working with the data  
20 there, he may come up with a new idea...whether it could be some  
21 additional....additional possibilities for oil and gas, then you  
22 might expect at some later date another wave of drilling. Here  
23 again, the same would apply to the Kodiak shelf.

24 MR. KARAM: I'd like to ask, on a number of issues, I have  
25 a couple of questions noted down. Concerns that were voiced earlier

1 by previous witnesses. One deals with seismic problems. And I  
2 wonder if you would care to give us a judgment or express a judgment  
3 on the dangers that seismic occurrences posed to oil and gas  
4 operations pose in terms of the exploratory phase and also in the  
5 production development phase?

6 MR. WOODSEN: It's a....it's really pretty hard to predict  
7 just what might happen to a complex structure in the event of an  
8 earthquake, but I might say that our platforms in the Cook Inlet  
9 are designed, as I recall, around an earthquake with a magnitude  
10 of eight and a half. And the...we were drilling an exploratory  
11 well the year before the 1964 earthquake, in the Cook Inlet. And  
12 we, we temporarily abandoned that well, or suspended the operations  
13 because of the on-coming winter and pulled the Glomar II back to  
14 California, and then the following spring we came back up here to  
15 re-enter the well and the earthquake, of course, occurred the  
16 spring of '64, and right after the earthquake, we did, in fact,  
17 locate over that underwater well head and sent the divers down and  
18 inspect the well head and there was no damage to the well head at  
19 all. The, we placed our blowout preventers on the well head and  
20 tested our preventers and tested the casing and there was no  
21 damage at all to the well. We went ahead and cleaned out the cement  
22 plugs and continued drilling that well to a total depth of twelve  
23 thousand feet or something like that. And, there's no perceptible  
24 damage at all to the underwater well as a result of the earthquake.  
25 We didn't have any platforms in the Cook Inlet at that time, so

1 I can't tell you exactly what would have happened to the platforms,  
2 but, as far as the producing operation is concerned, any producing  
3 operation is equipped with systems that will shut it down at the  
4 press of a button. And those buttons are located at numerous  
5 places over a platform. So, that, as far as the platform not being  
6 in a position to react to a seismic event, that ain't going to  
7 happen. The wells will automatically be shut in below the mud line.  
8 Like I say, at the press of a button. And as far as the pipelines  
9 are concerned, underwater pipelines and this type of thing, uh,  
10 there's been a number of tests run and...but I'm not really familiar  
11 with them and I'm not an expert in that field and I really just  
12 can't comment on that.

13 MR. MEYERS: I might add, Mr. Karam, that in...at the 1976  
14 Northeast Gulf Hearing, we had rather extensive testimony by a  
15 consultant, an expert in this area, and...I...the...that testimony  
16 I'm sure is still available in your records. If not, we could  
17 get it. And, as I also recall there were some other wells in the  
18 area of the 1965(sic) earthquake that were not damaged. Uh, but  
19 I'd have to refer you to the testimony. But this was...this was  
20 brought out at length at the prior hearing.

21 CHAIRPERSON: Off shore wells. I was just going to ask if  
22 there was the degree of uplift and subsidence in Cook Inlet near  
23 the well that you're describing as has been described off of Kodiak?

24 MR. WOODSON: No there was not. No perceptible difference in  
25 the level of the ocean floor. The ocean floor in the Cook Inlet is

1 in places, of course, loose gravel and rocks and this type of  
2 thing and there would be settling in some of those areas, probably.  
3 But, for the most part, in the area we were in, the ocean floor  
4 is fairly stable and pretty solid rock. Pretty well swept clean.  
5 The, most of the changes in elevation took place in areas like  
6 the Homer Spit, and places like that where the gravel bars literally  
7 settled down due to the shaking of the earthquake.

8 CHAIRPERSON: I believe Mr. Jones has a question.

9 MR. JONES: Mr. Bernhardt, we heard some testimony here this  
10 morning by someone from Kodiak about their concerns for the oil  
11 spill equipment being in place at the time drilling was taking  
12 place and so forth. Could you tell us, briefly, your estimate of  
13 where this equipment might be located and when the decision would  
14 be made to move it into the Kodiak area for sale 46, if it's not  
15 there already?

16 MR. BERNHARDT: No, it's not there in Kodiak. During the  
17 lease sales off of Yakutat, the oil spill equipment was in place  
18 in Yakutat and Seward at the time. Prior to the drilling of any  
19 well. So, the equipment would be positioned in Kodiak and there's  
20 a certain amount of equipment on the drilling rig itself for initial  
21 containment.

22 MR. JONES: The nearest location is at Homer, at the present  
23 time?

24 MR. BERNHARDT: No, Nikiski is the present position. Again,  
25 it's positioned there to support the Cook Inlet Response Organization'



1 needs in the Cook Inlet at the moment.

2 MR. JONES: Thank you.

3 MR. EDDY: Just a quick follow up. On the containment  
4 equipment, what level seas does your currently stock-piled equip-  
5 ment have the capability to handle?

6 MR. BERNHARDT: Open ocean skimming is the technique that the...  
7 that we're pursuing, and the equipment that we have, the...will  
8 handle conditions up to about five foot seas. Four to five foot  
9 seas.

10 MR. EDDY: And your booms and actual physical containment  
11 equipment is effective up to what level?

12 MR. BERNHARDT: About four or five feet. There are degrees  
13 over that and there is degrees less than that, of course.

14 MR. MEYERS: But when the--

15 MR. EDDY: I'd expect that we would get some testimony, if  
16 we asked others, that the seas get somewhat higher--

17 MR. MEYERS: But, when the seas get somewhat higher, I believe,  
18 Mr. Eddy, that you can't get the oil anyway. It's dispersed and  
19 it's impossible to collect, I believe, when it gets this rough.

20 MR. CURLIN: How about the...any experience that you've had  
21 with your organization in a real live event. Have an an excursion  
22 where you really had to test the adaptability of your crew and the  
23 immediate deployment and the success?

24 MR. BERNHARDT: No, we have had a spill at all.

25 MR. KARAM: On...on skimming and--

1        MR. BERNHARDT: We've tested...excuse me, sir, we've tested  
2 the equipment in training exercises, but not with the product in  
3 the water, no.

4        MR. MEYERS: That's against the law. (laughter)

5        MR. CURLIN: Unless you've got a little tag there that say's  
6 it's against the law.

7        MR. KARAM: I have a couple of questions on this, If I may.  
8 Uh, let me just say them all and then answer them as you will, if  
9 you would. One, the five-foot sea limit on equipment which has  
10 been with us for a number of years now, would you relate that to  
11 protecting near-shore areas. In Kodiak, for example, we heard  
12 a lot of testimony this morning about inter-tidal areas, breeding  
13 grounds. Does the five-foot capability get you home pretty well  
14 free in that area or are you still...would you still have the real  
15 limits on what you can do.

16        MR. BERNHARDT: Yes, there are real limits on what we can do,  
17 if...the weather is in height of seas are always a factor. The...  
18 we have very close to the state-of-the-art equipment available  
19 now, and, within those limits we can protect the, or exclusionary  
20 boom, certain areas, yes.

21        MR. KARAM: I have two other questions. I noticed in your  
22 equipment list that you don't have any boats or any kind of  
23 transportation other than the inflatable nineteen-foot rafts; and  
24 also, would you, if you could address that, and what the plans  
25 would be to have sufficient boats, and then how do you folks fit

1 into the national contingency plan and the regional contingency  
2 plans and the regional response teams?

3 MR. BERNHARDT: First off, the boats that are available are  
4 ships that are available during a normal exploratory drilling or  
5 drilling operations would be called into play and fitted with the  
6 equipment that we have on hand. For instance, the rig engineer  
7 out of Nikiski is fitted for the Cylanet 120 and we've held  
8 exercise putting it on and taking it off. That's a type of an  
9 example. Even though there's only one vessel there at the present  
10 time. And, other vessels would be brought in to support clean-  
11 up operations if needed. The...we have access to the national  
12 plans for clean up. Regional response teams, through the Coast  
13 Guard Commander, if he deems it necessary, then those particular  
14 resources are drawn on and they are available for our clean-up  
15 actions.

16 CHAIRPERSON: Let's see. Ray, why don't you follow up and  
17 then Jim.

18 MR. KARAM: I have one on a different subject, if anybody  
19 wants to pursue.

20 MR. CURLIN: No, mine's a different subject also.

21 CHAIRPERSON: Oh, all right. Is your's a different subject  
22 Chuck?

23 MR. KARAM: I'll go for it.

24 CHAIRPERSON: All right, Ray?

25 MR. KARAM: I wonder if you could tell us anything about

1 your experiences, if you've had any, or no experience, estimates  
2 of the effectiveness of the training programs that you've recently  
3 been required of industry to acquaint oil and gas industry employees  
4 with the needs and the problems of the fishermen? This is a pro-  
5 posed stipulation for sale 46. It's been incorporated into the  
6 lease contracts in several other sales?

7 MR. MEYERS: I think that's right. I don't know if any of  
8 these gentlemen have had...there's not much activity in Alaska now,  
9 and we may have the wrong people here to talk about that insofar  
10 as offshore drilling is concerned. I'm familiar with the require-  
11 ment, and particularly with respect to other OCS areas. Bill  
12 are you involved?

13 MR. CRAIN: No, I...you entirely correct, there's only a  
14 few wells that have been drilled offshore, in offshore marine  
15 waters of Alaska as you're familiar with. One or two companies  
16 have that have been doing that in the last three or four years  
17 are not on this panel.

18 MR. WOODSON: That was...this was a requirement for the  
19 first time, I believe, in the lower Cook Inlet area, and I don't  
20 think any of us here are operators in the lower Cook Inlet, un-  
21 fortunately. Or maybe fortunately. (laughter)

22 MR. KARAM: One other question, then I will pass it on. Could  
23 you tell us what the normal practices are of industry in terms of  
24 local hiring which also seems to be quite a concern in this part of  
25 the world?

1        MR. CRAIN: Well, here again, I can only speak for the areas  
2 in this particular case with Chevron, where we are operating on-  
3 shore wells up on the North Slope and at the present time we have  
4 a well, for example, in the Western Arctic, west of NPRA. We fly  
5 regularly in and out of Point Hope Village and bring native help  
6 in and out of the village there. I know that there's an extensive  
7 program going out...throughout the entire North Slope. But inso-  
8 far as the degree of operations down here, there just hasn't been  
9 that much drilling taking place.

10       MR. KARAM: Then, are you saying that you do, in fact, depend  
11 on native or on Alaskan citizens?

12       MR. CRAIN: I...I would say that we depend on it and we go  
13 out of our way to provide that employment opportunity.

14       CHAIRPERSON: Okay, Jim?

15       MR. CURLIN: Gentlemen, I find your response to Mr. Eddy's  
16 initial question a little difficult to deal with in the context of  
17 our earlier discussions and, indeed, in the context of the ultimate  
18 decision that's going to have to be made by Interior with regard  
19 to the balance of potential for oil and gas development versus the  
20 potential and admittedly questionable extent of impacts that might  
21 occur on the fishery resource. I understand your thesis and the  
22 theory behind, that until one drills a hole, you really don't know  
23 what you've got. And each hole adds additional knowledge for the  
24 future. But, still on the record, we have some kind of...some  
25 kind of a rack-up, some kind of a response by the industry that

1 indicates a very, very low level of interest, comparatively. Not  
2 absolutely, but comparatively, with regard to other sales. I think  
3 ultimately, the question that's going to have to be confronted by  
4 the Secretary of the Interior is the fundamental one; is the risk  
5 involved in the potential, in terms of national interest, in  
6 recoverable resources sufficient to offset the kind of prior in  
7 time investment that this community has with socially and economically  
8 in the fishing industry. And I can't say that anything you've said  
9 is going to help us at this point reach that decision. Is there  
10 anything...is there anything else, Mr. Meyers, that you might be  
11 able to say with the regard to help us in balancing these kind of  
12 equities?

13 MR. MEYERS: Well, I think the point that we tried to make  
14 is that this whole thing is incremental. I think people get the  
15 idea that the Gulf of Mexico is one vast oil field and that's  
16 not so. It's a very large area with many oil fields in it, but  
17 they don't sit right on top of each other necessarily. And, there  
18 are many sales in the Gulf of Mexico that don't have the...this  
19 estimated potential by the USGS. Now, uh, if you stop here. I  
20 think what we're trying to say is that the information that you  
21 get here, whether or not this is a commercial reservoir or whatever,  
22 will...may help in other places in the area. It's a stepping-  
23 stone proposition. It's not a....you only have, in any province,  
24 a less than ten percent possibility of finding commercial reserves.  
25 And, I think what the industry's idea is that, of course, there

1 are some places that seem to have more potential than others. And  
2 you look at the list of...of these areas, you'll find that we are  
3 leasing a lot of them. We have to get down to all of them sooner  
4 or later, if we're going to come out of the current energy mess  
5 we're in. Other than that, I don't think any company could tell  
6 you that, whether or not there's oil or gas in the Kodiak area.  
7 They may tell you privately, if asked, whether or not they are  
8 interested in particular. But, I'm always surprised at OCS lease  
9 sales. And I think the government is occasionally surprised too.  
10 We've had sales when, I think they'd figured maybe a hundred million  
11 dollars and they end up with five, six to eight hundred or billion  
12 dollars. It's...it's really a hard thing to determine. What you  
13 must remember, in the oil business, it's just about the only game  
14 in town. And, if there's not OCS game, then there's really....this  
15 would be a great blow to our whole domestic energy situation.

16 MR. CURLIN: We heard testimony--

17 MR. MEYERS: I...I haven't said much, but I took a little  
18 while anyway. (laughter)

19 MR. CURLIN: Well, I understand. There are limits to the  
20 extent that one can express exactly, you know, the circumstances  
21 involved. It is...it is complex--

22 MR. MEYERS: But I would like to say something on which you're  
23 talking about. You're saying you're going to evaluate, you know,  
24 the effects here, and let me say this from the perspective, and I'm  
25 really talking for myself now, I'm not necessarily for AOGA. Uh,

1 in the ten years that have passed since the passage of a National  
2 Environmental Policy Act, I have participated in twenty-five to  
3 thirty hearings related to offshore drilling. I've heard testimony  
4 relative to the Gulf of Mexico, Georgia's Bay, the Baltimore  
5 Canyon, the Southeast Georgian Embayment, the Northeast Gulf of  
6 Alaska, the Beaufort Sea, the Lower Cook Inlet, the Yakutat Shelf  
7 and the Kodiak area. And, I never ceased to be impressed by the  
8 sincerity of most of the witnesses who inhabit the local area.  
9 Most of those people are genuinely concerned and it's almost, in  
10 a way, the fear of the unknown, I find that their obvious concern  
11 makes sometimes a very articulate statements. And each place you  
12 hear this area's different, we are unique, you cannot relate this  
13 to any other area. And, of course, they believe that. But, this  
14 is the same thing I've heard at Georgia's Bay, the Baltimore  
15 Canyon, in the Destin Dome of Florida, at Lower Cook, at the North-  
16 east Gulf. And, of course, you've met with that everywhere and  
17 this is a real problem for you. And, but...how do you turn it off  
18 everywhere. I don't know. It's a big problem. And, I can say  
19 this, that in that experience, I find that there are more similarities  
20 between the fishermen than differences. And I think that they  
21 should take some comfort in realizing that I've heard dire consequences  
22 predicted for the Gulf of Alaska, for the Baltimore Canyon, for  
23 the Destin Dome and other places. Now, we have had extensive  
24 exploratory operations in those areas and none of those consequences  
25 took place. I'm happy to say that. Now, we haven't proceeded...we



1 haven't been fortunate enough to proceed to a development phase  
2 in those areas. But they should remember this, if we do proceed  
3 to that phase, that there'll be another impact statement and there'll  
4 be other hearings and that the Secretary, under the new law, the  
5 new amendments to the OCS Lands Act and the regulations, has a great  
6 deal of control with respect to leases, visa vis environmental  
7 values. So, I know you're faced with this quandary, but I'll say  
8 this to you. You're going to be faced with it in practically every  
9 frontier in which you are considering sales.

10 MR. CURLIN: Earlier today we heard testimony by the Borough  
11 in the City that they see the need for us, the government, to treat  
12 the Shelikof sale and the Kodiak sale on the eastern side as one.  
13 And, I was wondering...there was some suggestions that the industry  
14 is certainly treating it as one, that when they're talking about  
15 facilities, required facilities and staging areas, they're con-  
16 sidering them as one. Is this the case? Do you consider these  
17 two linked so inseparably that you're planning as industry wide  
18 merges the two sales?

19 MR. CRAIN: I uh...first of all, geologically, they are not  
20 similar. They are two distinct geological provinces. As you know,  
21 the Kodiak Shelf is a tertiary sedimentary basin and the Shelikof  
22 Lower Cook Inlet is primarily metozoic. So they are distinct and  
23 dissimilar. They could be, geologically, ten thousand miles away  
24 as well as fifty miles away. It makes no difference. Uh, the work  
25 that was conducted in the Lower Cook Inlet through the exploratory

1 phase was all handled out of Homer. I don't think that there was  
2 any real impact whatsoever on Kodiak Island, and I would presume  
3 that the...if the exploration continued further south, why, it  
4 would also be handled out of Homer because that's the logical base,  
5 it's on sort of a mainland rather than an Island. If you're not  
6 involved with that double haul, you might say flying something in  
7 and then taking it out on the barge. I think as far as Chevron is  
8 concerned, in terms of the Kodiak shelf, if we were to acquire any  
9 leases and subsequently drill, that it would probably be handled  
10 out of Seward. So, I...in the initial phase, I don't see where  
11 Kodiak would be involved, and secondly; the impact, which is very  
12 minor in the exploration phase to begin with, would be at two  
13 different sites for both those sales.

14 MR. EDDY: Can I follow up on that just briefly because I...  
15 I...while I agree there are certain patterns that do exist with  
16 all frontier sales, there are also clearly some very unique local  
17 circumstances that, I think, we have to look at and address. But,  
18 do I hear....if I heard right, are you saying that it is not likely  
19 during the exploratory phase that industry would site any signi-  
20 ficant facilities on Kodiak?

21 MR. CRAIN: Well again, I can only speak for Chevron. Perhaps  
22 the other members of the panel could speak for their own--

23 MR. WOODSON: Yeah, I think that's very probable, that during  
24 the exploratory phase of an operation on either the Shelikof Straits  
25 or in...on the Kodiak Shelf, that we would operate out of either

1 Seward or...or possibly Nikiska, whichever is appropriate.

2 MR. MEYERS: When you...when you say we, you're speaking--

3 MR. WOODSON: I'm speaking for Shell. I only speak for Shell.

4 MR. EDDY: Sure, I understand that. That would apply to  
5 all of your support operations, supply boat transit and so forth?  
6 Would be...so if we were talking about some of the concerns this  
7 morning that were expressed with supply boats possibly interfering  
8 with fishing operations, we would be concerned with boats that  
9 would be transiting from Homer into this particular operating area  
10 rather than supply boats that would likely be operating in and out  
11 of Kodiak and possibly occupying space in the Kodiak?

12 MR. WOODSON: I can only kind of guess at where the scenario  
13 might be for the Shelikof Straits. I really haven't given a great  
14 deal of thought to what...what might...how we might react to a  
15 sale in the Shelikof Straits, but, I would just--

16 MR. EDDY: I'm talking now just Kodiak. Not Shelikof.

17 MR. WOODSON: Okay. As far as the Kodiak Shelf is concerned,  
18 I would think that it would be very possible that Shell might go  
19 down and talk to the City fathers of Kodiak, maybe, and the people  
20 in the Borough and see if there is some place where we could set  
21 up an exploration base without spending the kind of money that you  
22 would like to wait to spend until you have a discovery. And, if  
23 we could find such a mutually acceptable place, and if some of the  
24 other oil companies would join us, we might consider building a  
25 dock and operating it out of some other harbor area on Kodiak Island.

1 Uh, I think, though, that the more likely thing is that we would  
2 operate our...all of our supply boats out of Seward. I think that's  
3 the more likely scenario. Uh, I think that we would probably bring  
4 our crews into Kodiak, possibly to the existing airport or maybe  
5 see if we couldn't make a deal to re-activate the old military  
6 airport and use it. And transfer our people by helicopter from that  
7 airport out to the rigs. So, I think maybe our personnel transfers  
8 would be made through the Island of Kodiak and our supply operations  
9 would more probably be run out of Seward.

10 MR. EDDY: Now, would that likely persist into a development  
11 or production scenario?

12 MR. WOODSON: No, I don't think so. I think that if we..if we  
13 got into the development scenario, I think that Shell, anyway,  
14 would probably look for some place to establish a base onshore.  
15 I think that we would probably look for people...other companies  
16 to share that with us. I think we would establish a supply base  
17 if this turned out to be a gas province, we would establish a  
18 gas plant, a gas liquification plant and once again, we'd be sitting  
19 down there across the table with the...from the Kodiak Borough  
20 planners and talking about where we might locate this. But, I would  
21 think that that would be the direction that, at least my company,  
22 would point itself.

23 MR. KARAM: Would you --

24 MR. MEYERS: Did you want to say something?

25 MR. CRAIN: Well, I'd like to elaborate a little more on my

1 answer previously to this. You know the sale area covers a very  
2 long area, two or three hundred miles long, and, one might have...  
3 the northern, eastern area certainly as opposed to perhaps Seward  
4 or Kodiak at the southern end of course is going to be differed. I  
5 think, to some degree, it would depend on the result of the sale  
6 itself too as to where a person might site it. I know in our case,  
7 we don't really know exactly where we would site now, and it would  
8 a question of looking at the relative economics of different bases.  
9 And you really can't look at that until you know what your plans  
10 are, so, I would have to kind of hedge my earlier question and  
11 say that would be explored in greater depth later on, economically.

12 MR. KARAM: I'd just like to ask a question, following up.  
13 On the basis of your experience, could you put your probable...in  
14 this sense probable scenarios, into a time frame? Two years...  
15 there was two years of drilling in the northeast Gulf, for example.  
16 Would you say that that would be a good guess as to how long you  
17 might be operating out of Homer or Seward, if you did operate out  
18 of Homer or Seward during the exploratory phase? Or, is there  
19 something peculiar about this shelf--

20 MR. WOODSON: I think that would be a reasonable guess as to  
21 how long we might operating out of Seward, on strictly an explora-  
22 tory basis. At some point in there, if we made a discovery, we  
23 would be determining...working to determine a site for our production  
24 facility, whatever type of facility that might be. And, depending  
25 on where that site was, and then there would start to be some

1 commerce to that area, probably, at some point in time after two  
2 years. Maybe three years or something like that. Probably one of  
3 the first things we'd do is to try to build a dock, and...so that  
4 we would have a place to dock barges and this type of thing in  
5 hauling our equipment up from--

6 MR. KARAM: Well, I guess what I really wanted to ask you...  
7 let me make it more pointed if I may. Is it fair to say that in  
8 this part of the world you would or should or could albt about a  
9 two year span of time for the initial exploratory drilling? Or  
10 was that a peculiar aspect of the northeast Gulf of Alaska where it  
11 took you about two years to put down your eleven holes or so and  
12 get an assessment?

13 MR. CRAIN: I think that generally the answer is probably  
14 within a couple of years in the Lower Cook Inlet, I think looking  
15 in two or three years. Certain...there can be certain complications  
16 that can prolong that, of course, as you well know, just a delay  
17 in being able to get in and drill. Uh, and then secondly sometimes  
18 complicated lease systems contribute to delay in drilling where you  
19 will have different leasing systems on one end of the structure as  
20 opposed to the other end and that can cause complications.

21 MR. MEYERS: There may be a different time frame resulting  
22 from the various new regulations that were not in place when you  
23 had the exploration in the Gulf of Alaska. You know, all of the  
24 250.34 requirements could be time consuming.

25 MR. CRAIN: The other thing, of course, is that two years

1 was a...two years in a negative sense, as you recall. Nothing was  
2 found in that two year period, and obviously if a discovery would  
3 come about, why you might expect exploration phase to continue on  
4 infinitum.

5 CHAIRPERSON: Anyone else?

6 MR. EDDY: Getting...getting back just briefly once more to  
7 this question of possible cumulative effects from the Shelikof sale  
8 and the Kodiak Sale. Would your likely development scenario for  
9 Shelikof look to Kodiak for support if...as a possible support  
10 base, assuming that the area does prove to be productive?

11 MR. WOODSON: I really can't say at this time. I really  
12 couldn't say. I just couldn't conjecture that far.

13 MR. EDDY: Thank you.

14 CHAIRPERSON: Are there any other questions? (no response)  
15 With respect....to help us, with respect to the Final Environmental  
16 Impact Statement, the draft of which I assume you have reviewed,  
17 would you care to comment on the scenarios that are used in that  
18 Draft Environmental Impact Statement as to their liklihood? Their  
19 probabilities, of course, of activities?

20 MR. WOODSON: I'm sorry, I didn't quite follow?

21 CHAIRPERSON: The scenarios that are used in the Draft  
22 Environmental Impact Statement from which to assess impacts, do  
23 they conform to what you have just been discussing as what would be  
24 the policy of your company with respect to the exploratory stage  
25 and where your base would be?

1 Further, the DEIS fails to recognize the impact of the emerging  
2 bottomfish industry. Page 83, for example, states that, quote,  
3 "In terms of value, the groundfish species are expected to account  
4 for slightly more than eight percent of the Kodiak harvest. The  
5 groundfish fishery is expected to be relatively minor with respect  
6 to the number of boats, landings or fishermen." End quote. The  
7 total impact of this in the DEIS is grossly misconstrued. Please  
8 note that the DEIS FAILS to state that, because of the low unit  
9 value of groundfish, an overall eight percent value increase in  
10 landings due to bottomfish results in a considerable increase in  
11 terms of boats, landings, and fishermen. According to the EDA  
12 Alaska Bottomfisheries Report prepared by Earl R. Combs, Inc.,  
13 there are five to six BILLION metric tons of annual harvestable  
14 bottomfish product in the Gulf of Alaska. That report further  
15 indicates that about twenty five percent of that annual harvest  
16 potential will be processed in Alaska at onshore locations, and  
17 that between eight and nine percent of that twenty five percent  
18 will be processed in Kodiak, an amount which equals one hundred  
19 million to one and thirty-five million metric tons annually. Again,  
20 we submit, a considerable increase in terms of boats, landings  
21 and fishermen. The Community and Regional Affairs Bottomfish  
22 report referenced previously states that, quote, "Especially in  
23 the light of present overcrowding, any bottomfish development in  
24 Kodiak would certainly add considerably to the already major  
25 existing need for more berthing and harbor facilities." End quote.



1 Other inadequacies in the DEIS are obvious in regard to its impli-  
2 cation that Kodiak's fishing industry is of minor economic  
3 importance. In that light, the Kodiak Island Borough OEDP Committee  
4 supports the Kodiak Island Borough Assembly's position recommending  
5 the no sale alternative, based upon inadequacies in the DEIS.  
6 The OEDP Committee passed a resolution recommending the no sale  
7 alternative to the Borough Assembly on January 23, 1980, which  
8 reads as follows: "Whereas the Kodiak Island Borough OEDP Committee  
9 is charged in its by-laws to be the principal coordinator of the  
10 various activities undertaken within the Borough to stimulate new  
11 private and public investment and to provide permanent employment  
12 and growth opportunities in the area, and; whereas the current  
13 direction indicated by the 1979 Kodiak Island Borough OEDP report  
14 emphasizes the further development of the commercial fishery and  
15 marine resources, and; whereas the 1979 OEDP report indicates that  
16 the OCS tradeoff in Kodiak involves not only environmental quality  
17 but also a continuation of the area's civilian, non-OCS related  
18 growth, and; whereas the Committee's OCS development goal is quote,  
19 "to discourage the development of OCS-related facilities in and  
20 around the population centers on Kodiak Island," and; whereas the  
21 Kodiak Island Borough OCS Advisory Council has recommend a no sale  
22 position on Lease Sale No. 46, based on the inadequacies of the  
23 Draft Environmental Impact Statement. Now, therefore, be it  
24 resolved by the Kodiak Island Borough OEDP Committee that the Borough  
25 Assembly adopt the recommended no sale alternative. Passed and

1 approved this twenty-third day of January, 1980. Kodiak Island  
2 Borough Overall Economic Development Program Committee, Ann Moen,  
3 Chairman." Thank you.

4 CHAIRPERSON: Let me ask you two questions. Can you further  
5 identify the Community and Regional Affairs Report as to date...

6 MS. MOEN: I would have to defer, I believe, to Dr. Hoopes  
7 who has a copy.

8 CHAIRPERSON: Okay. What about the EBA report on bottomfishing?

9 MS. MOEN: Okay, on that, I'd have to defer to Mr. Milligan,  
10 I believe, who has a copy of that. I don't have one with me.

11 CHAIRPERSON: Okay. Thank you. Ray?

12 MR. KARAM: Just a point of information. What's the relation-  
13 ship between the OEDP Committee and the OCS Advisory Council?

14 MS. MOEN: None, except they are both advisory to the Borough  
15 Assembly. There's no inter-connection between the two. We have  
16 one member of the OEDP Committee who is on the OCS Advisory Council,  
17 but he...according to him, he does not represent the OEDP Committee  
18 on the Advisory Council. He's their--

19 MR. KARAM: My understanding is the OEDP Committee advises  
20 the Borough Assembly on--

21 MS. MOEN: We are an advisory body to the Borough Assembly--

22 MR. KARAM: On..on a number of things, including the OCS  
23 activities?

24 MS. MOEN: Uh, planning. Planning for economic development.

25 MR. KARAM: Okay. Thank you.

1        MR. EDDY: I...I may have misunderstood. Was your conclusion  
2 that the Economic Development Impacts of OCS activities would be  
3 negative?

4        MS. MOEN: Well, we are here, taking a position based on what  
5 we feel are inadequacies in the DEIS, rather than an anti-oil stand,  
6 per se. Our document, which has been--

7        MR. EDDY: I'm sorry. I thought you had referred to an earlier  
8 study that concluded--

9        MS. MOEN: Our document suggests that, if,...or it states that  
10 if there is to be OCS-related activity, it should be located far  
11 away from the population centers. It deals with the stresses of...  
12 to the infrastructure. We have...we have prioritized our projects,  
13 and, again we're focusing on the renewable marine resources, because  
14 we have that now. And we have the potential for expansion. And,  
15 so with the Pillar Mountain situation beginning to be under control,  
16 and with the expansion of boat harbors, these are our priorities.  
17 Our boat harbor, our number one priority is the Pillar Mountain  
18 Geotechnical Study. The Dog Bay Boat Harbor. Bottomfish industry  
19 study. Monashka Dam Reservoir, Multi-Dam Reservoir, and the Terror  
20 Lake Hydroelectric Project, because to support our current rate of  
21 growth in fisheries, let alone to expand fisheries, we need these  
22 things desperately. We are already strained to capacity.

23        CHAIRPERSON: And yet you say there are deficiencies in the  
24 Draft Environmental Impact Statement, but I didn't hear you say any  
25 of those specifically, expect that, supposedly, it was said that

1 fishing is of minor importance?

2 MS. MOEN: The tone of it seems, to us, to indicate--

3 CHAIRPERSON: Oh. But there's no such statement in that?

4 MS. MOEN: No, I wasn't quoting directly. It was the impli-  
5 cation to us is that fishing, which is the life blood of the Kodiak  
6 Community, will have to make way for OCS activity which we view as  
7 a potential threat to our life blood in the community of Kodiak.  
8 The fisheries industry, with this vast potential for expansion into  
9 bottomfisheries now.

10 MR. EDDY: You don't have a study that specifically deals with  
11 why OCS activities would have a negative or a detrimental economic  
12 impact, that just a conclusion from---?

13 MS. MOEN: It's included in our report which is...the pages  
14 that deal with that are attached to the testimony I handed in and  
15 highlighted. Uh, and our entire report deals with other things  
16 that aren't in the attachment, including the potentials for  
17 bottomfish development.

18 MR. EDDY: And that...and that conclusion is based on the  
19 fact that OCS-related activities would draw away need resources  
20 from fisheries-related activities?

21 MS. MOEN: Yes.

22 MR. EDDY: Does it also deal with any regard with potential  
23 dollar flow into the community or other economic-related--

24 MS. MOEN: Well, we've considered it both from the point of  
25 view of the siting our way, from the community and requiring the

1 developer to assume all his own development costs and not stressing  
2 the Borough with road...all these things than an enclave needs in  
3 the way of community services. And we've also considered it as  
4 a very real risk to our marine resources. You've heard testimony  
5 today on what the risk can be. We deal out there with a hundred  
6 mile an hour winds. Any crabber will tell you about the size of  
7 the waves that swamp the boat and our hundred mile an hour winds  
8 that are not at all unusual.

9 MR. KARAM: The relevance of that is that the winds would do  
10 what? I'm not sure I follow your point, I'm sorry.

11 MS. MOEN: Well, I heard the oil people talk about a five  
12 foot wave--

13 CHAIRPERSON: For cleanup.

14 MS MOEN: For cleanup?

15 MR. KARAM: For cleanup in the event of an oil spill. Right.  
16 But also, they also said that when you have high energy seas, that  
17 it breaks up the oil and it turns out to be, as now projected, very  
18 light weight hydrocarbons that would be dispersed quite rapidly in  
19 a very active sea. It...there are some tradeoffs.

20 MS. MOEN: There are... there are tradeoffs, but in our area  
21 it is just more than environmental tradeoffs. It's a tradeoff  
22 dealing with a viable, growing resource, that we feel is potentially  
23 threatened. But again, our position here, I'm talking about our  
24 report that deals with that,. But our appearance here today deals  
25 with what we feel are inadequacies in the DEIS.

1        MR. EDDY: I'm not sure we can really separate the two... I--

2        MS. MOEN: No, you really can't. Since I'm here as an OEDP  
3 Committee member, having written this.

4        MR. EDDY: Go ahead Jim.

5        MR. CURLIN: Well, that what was bothering me, I guess- -

6        MR. MOEN: I don't want to imply that the Borough is taking a  
7 posture as opposed to OCS development. They are not.

8        MR. CURLIN: Well, this is what bothers me a little bit, to be  
9 perfectly truthfull, we've all been very statesmen like, we've all  
10 been very courteous to one another, and I think you people have done  
11 an admirable job of stating your case. But, we hear time after  
12 time now that witnesses prefacing all of the their further dis-  
13 cussion on the basis that they're not objecting to the development  
14 of OCS oil and gas. And I'll accept that for face value. But  
15 then, on the follow up, it is a matter of identifying what you  
16 consider to be deficiencies in the EIS. Now, to be perfectly  
17 candid with you, I think we all might as well recognize the fact  
18 that the EIS is essentially a legal document. And if what you are  
19 doing is essentially basing future discussions on the legalities,  
20 on the technical quality of the EIS, that's fine and dandy. But  
21 I sense your concerns are deeper than that. And you needn't be  
22 that statesmenlike with us, because, you know, our feelings are not  
23 going to be hurt. I would freely welcome someone sitting up here  
24 before me and saying notwithstanding anything that is of a technical  
25 deficiency in the EIS aside, that whatever you can put on the table

1 of a technical nature is not going to satisfy us because we have  
2 made our weight, we have essentially established our values and  
3 we don't think that oil and gas is compatible. I think we're all  
4 up here quite willing to accept that, and we're a little bit con-  
5 fused, I think, when we hear these kind of inconsistent statements.  
6 I would be most receptive to you saying outright that it's in-  
7 compatible and we can factor that in.

8 MS. MOEN: Okay. I'm not an expert on fisheries and on the  
9 problems that the fishermen and the industry feel that OCS threatens.  
10 You know, the dragging lines...and...I really don't know that much  
11 about it. I do know something about our strained infrastructure  
12 and the projects that we are trying to push through now just to  
13 bring us up to date so that we can continue our nice two to three  
14 percent annual growth and accomodate our emerging bottomfish  
15 industry. Uh, the fishermen, I think, are the ones...or the  
16 processors, or there are other people you've heard who can give  
17 you the technical...how they feel it may or may not be consistent  
18 with their activities. I have a lot of questions. I'm speaking  
19 personally now. I have a lot of serious questions about the  
20 compatibility of OCS offshore drilling with our fisheries.

21 MR. CURLIN: Well, maybe Mr. Milligan can add some dimension  
22 to that, but, you know, quite frankly we would like to know whether  
23 or not we are in a....whether you folks are in a negotiating stage  
24 with the industry to buy....If you've essentially said, "Look, you  
25 know, we anticipate that we're going...that our backs are against

1 the wall and this is probably going to be delivered to us." If  
2 that's you're mental attitude and we are now bargaining to have the  
3 least possible impact. That's one thing. But if it's really a  
4 position that is...it is essentially that it's completely incompat-  
5 ible, then we need to know that as well. That's the only reason  
6 I bring up that line of question.

7 MS. MOEN: Speaking as an individual, I'm concerned that your  
8 document states that it's not just possible there will be a major  
9 spill in the lease sale 46 area, but it is probable. And you give  
10 the probability as, over the term of the lease, 1.1 chance of a  
11 spill. I mean, there will be one point one spills. And that is  
12 frightening to those of us who are concerned about our renewable  
13 resource, our fisheries. We've seen or we've read about the  
14 damage that major spills have done in other areas. And we are aware  
15 of how high our seas are and what our winds are out there. And,  
16 the trawling. But, that's as an individual.

17 MR. EDDY: I'd like to get back, just very briefly, to your  
18 economic analysis. Do you, in your evaluation, consider...you  
19 discussed infrastructure costs possible related problems, Have you  
20 considered the affect of the Coastal Energy Impact Program and what  
21 assistance might be available there and what might be available in  
22 terms additional tax base from industry and whether this...and  
23 whether... I mean, there's some analysis of that in the impact  
24 statement, and I guess what I'm trying to find out is whether you  
25 feel that analysis is inadequate from an economic development



1 person's standpoint, whether something's missing out of here. And  
2 whether, on that, something's been mis-stated about what those  
3 effects might be?

4 MS. MOEN: The only thing that comes to me right at the  
5 moment is the chart. I can't tell you what page it's one, where...  
6 that shows the alternatives and what the impact would be on the  
7 United States and with Kodiak, supposedly, nineteen out of twenty-  
8 two...that's the one. It shows that the no sale alternative will  
9 have...I can't remember the wording exactly, but, serious economical  
10 negative effect on the United States. The little black square up  
11 there, under the no sale alternative, and the note at the bottom of  
12 the page.

13 CHAIRPERSON: This one? (Indicating a page in the Document)

14 MS. MOEN: Yes. That one. Uh...I...I didn't see anything  
15 throughout the rest of the DEIS that would justify that when you're  
16 talking about the quantities of the possibility...I...I can't  
17 comment. I'm not an economist. We're saying if oil is to be  
18 pursued in or around Kodiak Island Borough, we can live with it,  
19 but it's got to be a long way away. Because we are just strained  
20 to capacity. And we are primarily interested in our fisheries as  
21 a more viable long-lived permanent source of revenue and economic  
22 growth for us.

23 CHAIRPERSON: Any other questions? (no response) Okay, thank  
24 you very much. The last witness schedule for today is Mr. Harry  
25 Mulligan who is the Borough Planning Director for Kodiak. Let me,

1 before Mr. Milligan begins, call one more time whether Mr. Royal  
2 DeVaney has come in? (no response) Mr. Frank Tupper? (no  
3 response) Mr. Dave Herrnsteen? (no response) Mr. James Cobis?  
4 (no response) Or Mr. Glen Matnes? (no response) Okay.

5 MR. MILLIGAN: Ms. Wunnicke, members of the hearing panel,  
6 good afternoon. I'm Harry Milligan. I'm Director of Planning--

7 CHAIRPERSON: Can you speak up a little bit, please, Harry?

8 MR. MILLIGAN: Okay, I do have a cold, Esther.

9 CHAIRPERSON: Oh, okay.

10 MR. MILLIGAN: I'm Harry Milligan. I'm Director of Planning  
11 for the Kodiak Island Borough. The Kodiak Island Borough has  
12 endeavored from the time proposed OCS Lease Sale No. 46 was first  
13 announced, to develop a planning program that would effectively  
14 accommodate the onshore effects of development of the Outer  
15 Continental Shelf. In attempting to establish a planning methodol-  
16 ogy and to become acquainted with the onshore effects of OCS  
17 development, the Borough Assembly took the following actions: In  
18 1976, the Borough Assembly, by Resolution No. 76-12R appointed an  
19 OCS Advisory Council consisting of ten representatives from various  
20 advocations throughout the community. In 1978, the composition of  
21 the Board was expanded from ten to eighteen members. Part of that  
22 exanded composition included the dovetailing, if you will, of  
23 representatives from other advisory boards to provide liaison  
24 between our OCS planning efforts and our planning efforts in the  
25 community. Uh, you heard Mr. Perez earlier today, who is a member

1 of the Planning and Zoning Commission who also sits on that Council  
2 as one example. Secondly, the Borough commissioned a series of  
3 planning studies to evaluate the onshore impacts which might be  
4 anticipated from OCS development. One, we established and had  
5 prepared an OCS Impact Study prepared by Simpson-Usher-Jones and  
6 that study was completed in September of 1977. Secondly, we  
7 commissioned a Marine Facilities Study prepared by Woodward-Clyde  
8 Consultants and that was completed in December of 1977. The purpose  
9 of that study was to identify potential onshore service-based  
10 facilities and terminal locations to accommodate and support  
11 development of the Outer Continental Shelf. The third study that  
12 we commissioned was a Regional Plan and Development Strategy  
13 prepared by Kramer, Chin and Mayo and completed in July of 1978.  
14 The purpose of this last study was to update the Borough's  
15 comprehensive plan which was prepared in 1968 and adopted in 1972,  
16 which did not anticipate OCS development, its direct and indirect  
17 effects on the Borough and its various communities. Nor did the  
18 '68 - '72 plan anticipate expansion of the bottomfish industry by  
19 the U.S.-based fishing fleets. The Borough has always prepared an  
20 annual Overall Economic Development Program Report. In 1968, the  
21 Borough undertook a major re-write of this document, updating it  
22 to reflect both OCS and bottomfisheries potentials. The 1978 OEDP  
23 document also incorporated a major section dealing with the  
24 economic concerns and potentials of each of the Borough's rural-city-  
25 village communities. And you heard testimony today from the KANA

1 group on that subject. In 1976 the Borough established an OCS  
2 office within the Borough Administration. This office has  
3 functioned as a central information center. It provides public  
4 information programs, a resource library, and liaison coordination  
5 between the Borough, its OCS Advisory Council and the BLM/OCS  
6 Alaska Leasing Office. Our latest efforts in trying to maintain  
7 a planning program consistent with the needs of the community  
8 will be the implementation of the Borough's Coastal Zone Management  
9 Plan. Grant contracts to fund this plan's preparation have been  
10 signed and a public hearing draft is to be completed by June 30th,  
11 of 1981. In order to give you an idea of the type and quality  
12 of planning reports the Borough has endeavored to prepare, I would  
13 like to formally submit to this hearing record copies of the  
14 Borough's OCS Impact Study and our Oil Terminal Marine Facility  
15 Service Base Siting Report. Copies of that report are presently  
16 on file in the Alaska BLM/OCS Leasing Office. When you come to  
17 Kodiak, if additional copies are necessary, I'll attempt to provide  
18 them for you. In selecting a consultant to prepare this latter  
19 report, the Service Base Siting Report, the Borough sought out a  
20 consultant who normally prepares this type of report for the oil  
21 industry. It incorporated the concerns of the industry and the  
22 industry had an opportunity, during the preparation and during the  
23 comment review portion of the final draft preparation, to put their  
24 input into the document. Our original contracts with these three  
25 firms indicated they were to evaluate the onshore effects of

1 facilities for oil and gas development. Following signing of  
2 contracts, early in the report preparation process, the Borough  
3 was told by the BLM/OCS Alaska Leasing Office to rule out gas-  
4 related facilities. This is back in 1976-'77. BLM indicated the  
5 Lease Sale No. 46 area had no gas potential. Accordingly, the  
6 Borough advised its consultants. Thus, there is no consideration  
7 given to LNG facilities in these reports, even though it was a  
8 part of the original scope of work. You can imagine our shock  
9 and surprise, when, in April of 1979, the BLM/OCS leasing office  
10 contacted the Borough Planning Department requesting site location  
11 recommendations for LNG plant facilities. The Borough was given  
12 ten days to provide nine site location recommendations. It seems  
13 BLM had been informed that the U.S. Geological Survey, that the  
14 high hydrocarbon content of the geological formations indicated  
15 area 46 was gas prone. Needless to say, after having been told to  
16 rule out gas, our plans were of little help to us. At about this  
17 same time, the Borough was informed that the call for nominations  
18 for the Lower Cook Inlet Sale No. 60 included tract nominations  
19 as far south as the Upper Shelikof Straits, which creates the  
20 potential for development along our West Coast as well as our East  
21 Coast. This sale has been scheduled to take place in September of  
22 1981, just nine months after sale 46. We find the DEIS under  
23 consideration at this hearing does NOT address the cumulative  
24 effects of these two simultaneous actions by the Secretary. We  
25 find the existing Federal regulations governing sales requires

1 a minimum of thirty months between sales in such close proximity  
2 to one another. You have already heard testimony indicating the  
3 low recoverable potential within sale 46. You've also been advised  
4 by knowledgeable, qualified experts as to the acute environmental  
5 sensitivity of the sale area. You've heard expert testimony on  
6 the existing and future potentials of the annual renewable fisheries  
7 harvest in this area. A fishery which plays a major role, and I'll  
8 emphasize that, a MAJOR role in providing a world-wide food supply  
9 versus an oil sale which MIGHT supply a few days of the United  
10 States' oil and gas consumption requirements. We find the sale 46,  
11 DEIS, as a planning document, is substantively and technically  
12 deficient. You have already heard expert testimony on these  
13 technical deficiencies. For a decision maker reference text,  
14 decision makers must have accurate information. Planning reports  
15 should not reflect the personal views of the planner and be drafted  
16 to support conclusions contained in the last paragraph. Rather,  
17 they should be factual, setting forth an analysis, and alternatives  
18 based solely on fact, not personal opinion. The last paragraph  
19 must be a conclusion drawn from the factual analysis and thus  
20 written last, not first. We find this DEIS does not comply with  
21 the Federal regulations governing its preparation. As a professional  
22 planner, I do not feel it is adequate as a decision-making advisory  
23 report. Thus, I had no alternative in recommending the Borough  
24 Assembly oppose proposed sale No. 46, based on the decision-making  
25 information contained in the DEIS. Thank you. Madame Chairman,

1 if I could, in light of the hour and I don't think there are many  
2 people to follow, Kodiak has gone to considerable expense during  
3 the last three years, we've probably spent well over a half a million  
4 dollars in attempting to prepare ourselves with factual planning  
5 reports to deal with an eventuality that might come into our  
6 community. We have assembled and spent thousand of dollars  
7 attending meetings, putting together staff, supporting councils and  
8 boards and advisory groups and preparing plans. We have assembled  
9 in this room today a pretty substantial number of people to address  
10 you on a variety of subjects. Many times, members of the panel  
11 have addressed questions to an individual speaker which many of us  
12 in the room would have enjoyed the opportunity of responding to.  
13 Because we think we've got the people sitting here in this room  
14 today that can answer any of the technical questions that you might  
15 have concerning it, any of the political and social questions you  
16 might have surrounding the eventuality of development in Kodiak and  
17 the effects that development would have. I would like to offer,  
18 at the close of this structured portion of the program, an on or  
19 off the record, preferably on the record, free exchange of dialogue  
20 involving Doctor Hoopes, Mr. Pennington and the other people that  
21 we've assembled here and brought to Anchorage. I don't think we're  
22 going to have this opportunity at the informal gathering tomorrow  
23 night. That's going to be more of a one-on-one informal social  
24 affair, and I think at the conclusion of the remainder of the  
25 hearings in Kodiak you're going to be too exhausted to sit down

1 with a half a dozen or a dozen of us for this kind of a free  
2 exchange. I think we've got an hour or so, if you're willing to  
3 put in the time, we're here and we came here for one purpose and  
4 that was to provide you with information so that you have, we hope,  
5 sufficient facts upon which to make a decision. A moment ago you  
6 addressed a question to Mrs. Moen and the question dealt with, you  
7 know, has Kodiak prepared plans? What are the impacts? Yes, in  
8 1977, the Simpson-Usher-Jones OCS Impact Study was specifically  
9 designed to address and to inform the Borough what the potential  
10 impacts would be. Unfortunately, we did rule gas out so we can  
11 only multiply some of the conclusions in that report to reflect  
12 gas. Because we were told to rule out gas or there would be gas  
13 considerations. Uh, again, unfortunately, five of us came up here  
14 in September and we testified in this room on the Five Year Leasing  
15 Schedule. At that time we advocated a delay in sale. We feel that  
16 oil and fish can probably work together. I'm not saying unequivocally  
17 can, probably can--

18 MR. CURLIN: Can...can, you say?

19 MR. MILLIGAN: Probably can. We feel there are a number of  
20 scientific studies, marine biological studies on what the effect of  
21 a spill would have on plankton, on fry, on adult fish, the renewabilit  
22 of those fisheries and on shellfish and those studies are ongoing  
23 and can go. We requested, as Mrs. Wunnicke will remember, at least  
24 a two to three year delay in any consideration of 46 or 60 to give  
25 National Marine Fisheries, the Kodiak Borough and other scientific-



1 related agencies an opportunity to study these things and be able  
2 to tell us yes or no. We feel that while there's a wealth of  
3 information available, there is a big gap in some of the data  
4 that's necessary to sound decision making. And again, as a planner,  
5 I think that we have a problem nationally with energy, but I don't  
6 think that we need to race into it by the reports that I read to  
7 the point that within the next nine months we hold a sale on one  
8 side of Kodiak, and nine months later we hold one on the other.  
9 But, that we can take two or three years and address these scientific  
10 reports and then take a look at where we're at, what's there and  
11 how important it is, whether to proceed with a world food supply,  
12 a short-term oil supply, or both. And I think the information can  
13 be gathered and can be made available and decision makers can have  
14 something upon which to make decisions based on facts, not theory.

15 MR. KARAM: A couple of points, if I may? One, the Environ-  
16 mental Impact Statement...the Final Environmental Impact Statement  
17 is not necessarily, nor is it ever, the only information available  
18 to the Secretary in making decisions. The law and regulations that  
19 govern the putting together of an impact statement call for a  
20 statement that exposes to the decision maker the environmental  
21 consequences of the action, the alternative to that action, etcetera.  
22 Uh, it was mentioned earlier today, and it's correct, that there is  
23 no requirement in the law that deals with environmental statements  
24 to do cost benefit analyses or any other type of economic analysis.  
25 I say that only because I got the impression from your comments that

1 you thought that this document was the only thing available to the  
2 Secretary in terms of facts to make a decision--

3 MR. MILLIGAN: Well, it's a major...it's a major source upon  
4 which decisions are made.

5 MR. KARAM: It is a major source but is not the only, or a  
6 sufficient source of information.

7 MR. MILLIGAN: That is true. But there are certain criteria  
8 that are mandated by Federal regulation that must be addressed  
9 within a DEIS, and we feel that this DEIS does not address some of  
10 those issues and does not follow the Federal criteria for its  
11 preparation.

12 MR. KARAM: One of...one of the reasons for having....one of  
13 the reasons for having public hearings on a draft statement is so  
14 that we can surface, with your help and we thank you for your help  
15 in this instance in this area, and put out a legally sufficient  
16 and proper environmental statement. One other point I would like  
17 to make. As a planner, as you've pointed out, you're concerned  
18 with making the proper decisions at the proper time; and I would  
19 suggest that also as a planner you're very conscious and aware of  
20 the time element in developing and in projecting and trying to  
21 accomplish goals. Uh, for the purpose of the record, let me point  
22 out again, as was mentioned earlier, that under one of the major  
23 changes to the authorities of the Secretary embodied in the 1978  
24 amendments to the Outer Continental Shelf Lands Act is the authority  
25 of the Secretary to cancel leases that have been issued when

1 environmental conditions so warrant. And, it is, in my view anyway,  
2 uh, an item or characteristic of this process that has to be taken  
3 into consideration when we're talking about studies, as you  
4 mentioned, which will be available or will have more information on  
5 areas such as the possible effects of oil and gas on fish and fry  
6 and larvae. If the situation ever arises where there are these  
7 studies and these results in hand, which we don't have now as you  
8 said, which indicate that grievous environmental harm could occur,  
9 leases can be cancelled. Uh, to wait until--

10 MR. MILLIGAN: Well wouldn't it--

11 MR. KARAM: To wait until the studies are in hand, in this  
12 particular instance, I would suggest, would be to lose two or three  
13 years. If, for all other reasons, you'd want to go ahead with the  
14 program.

15 MR. MILLIGAN: But wouldn't it maybe be in the best interest  
16 of the nation, the state of Alaska, Kodiak, and I'll explain that  
17 to say an international situation, because we presently provide...  
18 we have international fleets fishing within the two hundred mile  
19 limit off the shores of Kodiak, major, major european and asiatic  
20 fleets and they are harvesting millions of metric tons annually.  
21 Uh, wouldn't it possibly be in the best interest of all to perhaps  
22 delay the sale for a period of time? I'm not saying cancel the  
23 whole thing completely...write it off the books. There are a lot  
24 of people in Kodiak that would say that that's what should do. But  
25 I'm saying to delay this process for a period of time to allow those

1 studies to be concluded. To determine, perhaps, this body is the  
2 appropriate body to determine where those data gaps are, what data  
3 must be developed in order to make the decisions that are necessary,  
4 and to set out a time frame for the development of that data. I  
5 think we've got people here in the room that can give you an idea  
6 of some of those studies that are necessary and the time frames it  
7 would take to complete them. And I don't think that that's setting  
8 it off a decade.

9 MR. KARAM: To answer your question, that's the Secretary's  
10 decision, obviously. And I wouldn't presume to make that decision  
11 for him as to whether it would be worthwhile or not worthwhile,  
12 given all the things that you mentioned, all the considerations that  
13 are involved, to delay or to cancel the sale or to change it in any  
14 major way.

15 MR. MILLIGAN: Our position was, and I think it's been stated,  
16 that we have attempted to deal with the eventuality of OCS develop-  
17 ment, we've attempted to put together a planning program that would  
18 accomodate that, we have availed ourselves of the administrative  
19 process, we did testify on the five-year schedule at which time we  
20 requested delay. Uh, in this case we had to take a stance on this  
21 DEIS and the alternatives, or if you will, in my opinion, the variable  
22 on a given scenario as opposed to alternatives. I think they're  
23 variations of a theme, not alternatives. Uh, to advocate, as a  
24 result of that, that no sale take place based on the technical  
25 content of this document. We think that's about the only recourse

1 available to us. We would certainly prefer to see delay.

2 CHAIRPERSON: Chuck?

3 MR. EDDY: Let me make a couple of points. I'd like to go  
4 back to my opening remarks, and...we're really here for two reasons.  
5 We are here for the technical and legal reason to solicit comments  
6 on the Draft EIS. And as Ray pointed out, that's with the express  
7 purpose of producing a final impact statement that addresses your  
8 concerns, other concerns that are raised during the comment process,  
9 and serve the Secretary's decision-making needs. There are a lot  
10 of other inputs into that decision-making process, like...My main  
11 point in opening remarks was that, we are here, Jim and I, as...as  
12 policy...officials of the Interior Department. Ray is a Senior  
13 Staff member...uh, to carry back, in addition to those technical  
14 notions, your views and concerns which we will fold in when we meet  
15 with the Secretary, when we make our final recommendations to the  
16 Secretary on this sale. And all I can say is that we're hearing  
17 you. I personally have been four...this is the fourth of these  
18 hearings. Others have involved controversial areas in the Santa  
19 Barbara Channel, George's Bank, and I think I can say that virtually  
20 all of the concerns, the major concerns, have been highlighted and  
21 we'll present it to the Secretary. And there not always in the  
22 EIS. Uh, I personally would enjoy talking to you informally in  
23 any form, after this session, after the session in Kodiak, whenever,  
24 and I don't find this as tiring as maybe some people might think.  
25 And, hearing your concerns and giving you some of our views. Let

1 me tell you why I don't want it on...I don't think it's appropriate  
2 to be on the record, frankly, is that as policy officials and,  
3 frankly, considering the potential for legal actions, I'm going to  
4 be a lot freer with you and I would hope the dialogue would be a lot  
5 more constructive for both of us, if we were in an informal context,

6 MR. MILLIGAN: I can appreciate that. I'm sure there are  
7 others that share that view.

8 MR. CURLIN: Mr. Milligan, it's not my mind that's tired  
9 right now. (laughter)

10 MR. EDDY: That's off the record.

11 CHAIRPERSON: That's on the record. Uh, I personally would  
12 like to thank all of the people from Kodiak who have gone to a  
13 great deal of trouble to come to Anchorage to testify today very  
14 completely and very substantively, as they will, I'm sure, testify  
15 in Kodiak on Thursday. I might also say, for the record, that the  
16 local BLM Office has also made many trips to Kodiak and has tried  
17 to work very closely with Borough officials and with the OCS  
18 Advisory Council, and it's been a mutual exchange back and forth.  
19 Uh, our primary purpose, of course, because this is a draft  
20 environmental impact statement, is to make a good Final Environmental  
21 Impact Statement, and we certainly appreciate all the constructive  
22 and substantive work that all of you have done to help us in that  
23 process. I must ask if there is anyone else in the room who  
24 desires to testify who did not sign up on the witness list? I'm  
25 afraid, Mr. Milligan, in view of that then, that we will go ahead

1 with these two witnesses. I know I'm willing to stay after. I'm  
2 sure that the people from Washington and the people from Anchorage  
3 will stay after too to discuss informally with you and people from  
4 Kodiak your other concerns.

5 MR. MILLIGAN: At the conclusion of that testimony, we'll just  
6 gather those few folks around the table here, and we'll rap for as  
7 long as you want to listen to us, or if there is something to be  
8 gained from it.

9 CHAIRPERSON: Thank you for your offer and thank you for your  
10 cooperation.

11 MR. MILLIGAN: Thank you, Ms. Wunnicke.

12 CHAIRPERSON: Will you come forward please, Dave Benten, and  
13 who else? And Will Anderson. Are you together? Or separately.

14 MR. ANDERSON: No, we're separate.

15 CHAIRPERSON: Separate. Who wants to go first? Will you  
16 state your name and address and who you represent, please, Mr.  
17 Anderson?

18 MR. ANDERSON: My name is Will Anderson. 1720 West Eleventh.  
19 I represent Greenpeace. I'll keep my comments short to rest your  
20 tiredness. Uh, Greenpeace as of yet has not taken a position pro  
21 or con against this lease sale. If it is indeed a gas sale, our  
22 priorities would be low as far as trying to take some action on  
23 this. But we are concerned with the process, and I don't want to  
24 go over this for the millionth time with you, but, from our point  
25 of view, we see a situation in which an area is nominated for lease

1 and sales and then we have a year's time in which to gather up all  
2 that data to make an intelligent decision on what the impacts are  
3 going to be. In this case, we have several endangered species  
4 which have the potential for being impacted, including the greatest  
5 and largest animal that ever lived on the earth, the blue whale.  
6 And, perhaps it would be best if I just submit this for the record.  
7 It's an affidavit from the Beaufort Sea Case made by Dr. Bienek,  
8 who used to work with BLM. And in this document he cites the  
9 process through which he tried to have meaningful input, biologi-  
10 cally, in which the data would be available for people such as  
11 ourselves to make an intelligent decision. From what I can see,  
12 there is little difference between this DEIS and the one for the  
13 Beaufort Sea simply because it's going to take years to get that  
14 information. We do not have endangered species habitat identified  
15 and this Marine Mammals graphic, excuse me, this Endangered Species  
16 Graphic is totally inadequate. They have, for the great whales  
17 and the endangered species, they have thirty seven sightings. Why  
18 not, I would ask, was not a systematic survey of the area taken  
19 to identify critical areas, to identify actual migration paths  
20 instead of, in their words, approximate. We will have more comments  
21 in the future, specifically on marine mammals. That's where we're  
22 coming from. That's our concern. But I plead with you, when you  
23 make your decision and when you're involved in these other lease  
24 sales that are coming up, to look at our perspective. Each time  
25 we are faced with trying to make intelligent input into this process.



1 We are basically denied this because the data is not there. And I  
2 don't expect it to be there in the sales that are coming up. And,  
3 from a certain portion of the public this...when we object to this,  
4 the public say's well you're obstructionists. You're trying to  
5 stop this nation...this nation from meeting its energy goals. And  
6 that's not what we're trying to do. We are trying to do an honest  
7 evaluation and the information just isn't there. And this document,  
8 I think, clearly spells out, in the Beaufort Sea, the fact that  
9 there was an opportunity for putting together research plants  
10 whose goals would be compatible with making an intelligent decision,  
11 but were not followed because of, I don't know what. Organization,  
12 bureaucracy, lack of funding, I suspect, is the highest problem.  
13 But so little is known of the great whales, many of which are  
14 endangered, that we are going to take another step forward into  
15 two adjacent lease areas without knowing what we are doing and  
16 what our impacts are going to be. And I ask you to consider that  
17 in your decision-making process. And I'll simply submit this to  
18 the board.

19 CHAIRPERSON: Okay. Thank you. Does anyone have any  
20 questions of Mr. Anderson?

21 MR. CURLIN: Your concern is...was not access to this...to  
22 the process yourself, but rather the failure of the Government to  
23 generate information concerning the whales, is that it? I mean  
24 you had no trouble in accessing on Beaufort Sea or on this one?

25 MR. ANDERSON: Well, the process is tied in, because if,...

1 well, we've got an area. Can we identify certain data gaps. Now,  
2 how long do we have to fill those gaps. And so the process should  
3 take into account, perhaps a pre-process. A primary process. I  
4 don't know what. But to identify that....those data gaps before  
5 we come to this decision-making process. We've got what, until  
6 December. The information...they're not going to have any more  
7 information than you've got before you now to make the decision.  
8 And there isn't going to be any more clarity in the EIS than there  
9 was in the DEIS in most of the marine mammals because so little is  
10 known. These are not just gaps in the information available, this  
11 is gaps in scientific knowledge. And we are intruding in areas  
12 in which we have no knowledge. And, I can't say that BLM is at  
13 fault for the world not knowing what's going on, but the BLM, I  
14 think, and the agency as a whole, the sale process, should take  
15 into account the fact that many years are needed to get even  
16 baseline data down and the process we have now disallows that.

17 CHAIRPERSON: But you are familiar with the OCSEPS studies  
18 program, funded by BLM?

19 MR. ANDERSON: Right.

20 CHAIRPERSON: Much of which is directed toward study of  
21 whales and migration patterns and other--

22 MR. ANDERSON: We keep track of those studies and we find  
23 that compared to the amount of studies that need to be done and the  
24 amount that are actually carried out and the lateness of these  
25 studies, often rushes the conclusions, and this is totally inadequate

1 to meet the need. I mean, there's no doubt, we have to investigate  
2 these areas to see what their potentials are for meeting what our  
3 present needs may be. But, it'd sure be nice to know what we are  
4 doing. I don't know if I answered your question directly or not,  
5 but, uhmm...

6 MR. CURLIN: Well, we fight with this problem of sufficiency  
7 of information ourselves from time to time. We have our own internal  
8 discussions about it. Uh, would you have...obviously you know a  
9 heck of a lot more about situations than I do, but would you be able  
10 to hazard an estimation of the time that would be necessary to  
11 really put the level of information together that would say satisfy  
12 you, as either an interested professional or an interested layman,  
13 whichever category you fit into, to be able to deal with these in  
14 an intelligent way?

15 MR. ANDERSON: In terms of identifying critical habitat, you  
16 can get some real good baseline information within two years, if  
17 there's an intensive search and effort, if you're doing some  
18 overflights in areas that are suspected. I mean, you can do a  
19 literature search to see what the areas are in which suspected  
20 behaviors are thought to occur in, and you can simply check it up  
21 by flying out there. But that takes money. It takes a lot of  
22 money. And, in this area, we're fortunate the weather's a little  
23 bit better than it is in the Beaufort Sea, and yet we still don't  
24 see the information available. Again, I believe that there are  
25 seven endangered species identified on graphic number six, and there

1 were thirty-six incidental sitings. Though somebody said we went  
2 back and did a limited, very limited agency review of incidental  
3 sitings, but nobody went forward and said, "well, let's do some  
4 overflights in this area because it's rich in traditional food  
5 that Baylien Whales use, let's check it out, let's see if the area  
6 is being utilized, perhaps it is a critical habitat." I suspect  
7 the panel knows that most Baylien whales feed up here and they fast  
8 for the greater part of the rest of the year when they migrate  
9 south. These areas are critical. If we lose those, we lose the  
10 whales. There are other points within the DEIS, but I'll save  
11 those specifics regarding marine mammals for written comments.

12 CHAIRPERSON: We would appreciate your written comments. Any  
13 other questions of Mr. Anderson? (no response) Dave Benten?

14 MR. BENTEN: Hello. My name's David Benten. I'm with  
15 Friends of the Earth here in Anchorage and I'll keep my comments  
16 very short and to the point also. We'll submit detailed written  
17 comments to the office. Basically, like Will said, we're really  
18 pretty shocked to see another DEIS that's the poor quality that  
19 we saw with the Beaufort and without going into that, because that's  
20 all been dealt with by a lot of people, I'm sure, two things that  
21 really need to be looked at are the cumulative effects between sale  
22 60 and sale 46 that was talked about in a round-about-way in the  
23 document, but really wasn't dealt with. And the second thing is,  
24 that there's not discussion in there about marine sanctuary proposals.  
25 And both National Marine Fishery Service and Fish and Wildlife

1 Service have made proposals for that area in 1977. And I have  
2 copies of those and will submit those in my written comments for  
3 your use. And, like I said, the DEIS doesn't even talk about the  
4 marine sanctuary and should.

5 CHAIRPERSON: Do you know what the status of those proposals  
6 are, Dave?

7 MR. BENTEN: I really don't. I imagine that they're pretty  
8 well on hold given the status of that whole program.

9 MR. KARAM: If I may, just for the purpose of the record, uh,  
10 back in '77, wasn't it, that these were made? The proposals in the  
11 Marine Sanctuary Regulations and Statutes has a very definite  
12 meaning. It's a technical term. It's a proposal that's made to  
13 the Office of Coastal Zone Management and Commerce in NOA and it,  
14 according to their regulations and procedures, has to be accompanied  
15 with a great deal of data and information. In 1977, we queried  
16 just about everybody in government that might be interested and  
17 others, in fact Commerce went out with a very large mailing asking  
18 not for proposals, but for people and it's...it's silly, but for  
19 people to propose areas for further studies which were not going  
20 to be proposals.

21 MR. BENTEN: Well, the title of the document that I have and  
22 have a copy of--

23 MR. KARAM: It probably has proposal across the top of it,  
24 right?

25 MR. BENTEN: It say's proposed nomination.

1        MR. KARAM: That's right. That's right. Some of it--

2        MR. BENTEN: It say's nomination and not necessarily that  
3 this is proposed for further study.

4        MR. KARAM: Some of them do and that was a part of the  
5 response that we got, although it was very clear when the word  
6 went out when NOA started the Marine Sanctuary Program in earnest  
7 back in '77 that they were just looking for places that might lend  
8 themselfesto further study. To answer your question, there is no  
9 proposed marine sanctuary for the--

10       MR. BENTEN: No, it's not like holding a nomination in the  
11 Beaufort, this is true.

12       MR. KARAM: That's right. For the Kodiak area.

13       MR. BENTEN: But, it would be helpful, perhaps, if the DEIS  
14 did discuss at least as much as what you said.

15       MR. KARAM: Yes, it is a failing of the EIS which I'm sure  
16 will be corrected.

17       MR. BENTEN: The other thing I'd like to talk about just  
18 briefly is something that Will was saying about information on  
19 whales. Uh, you've known about this sale for a number of years.  
20 It went through a draft document already, besides this one. And  
21 yet, so far as we were able to determine, no systematic surveys  
22 have been made off the Kodiak Shelf, off the west...western side  
23 of Kodiak. This same thing holds true for Shelikof. And it's very  
24 surprising to me that, at least the studies program did not consider  
25 using the fishermen from Kodiak as a very knowledgeable and useful

1 source for siting data. This has been used down in Washington,  
2 where there's a whole network and people just mail in little cards,  
3 self addressed cards that say, "Yeah, we saw this species of whale  
4 at this place at this time." And that kind of information would  
5 be very very useful in delineating habitat and fishermen are the  
6 people that are out there on the water and it'd save you folks  
7 a lot of money and us a lot of grief. And I don't know, you know,  
8 quite why that hasn't happend. And, I would offer that as a  
9 suggestion for further...further effort. And the second thing is  
10 that this...the whale problem is something we're seeing come up  
11 again and again. And, I don't what has happened with Project  
12 Whales, but I would urge you to speed that thing up as fast as you  
13 can. We've got St. George coming up, we've got Norton, we've got  
14 the second Beaufort and we need that information. And it's going  
15 to cause us problems again and again if we don't get that infor-  
16 mation in a useable form. And incidental sitings on a boat, where  
17 it's a Coast Guard that's just cruising around isn't going to do  
18 it. And you wind up with thirty six sitings for an area that is  
19 of major biological importance. That's my lecture for the day.  
20 Thank you very much.

21 CHAIRPERSON: Thank you, Dave. Do you have any questions  
22 of Mr. Benten? (no response) Are there any other witnesses to  
23 be heard? Yes sir? Will you state your name and...

24 MR. IRETON: Yeah. My name is Mike Ireton and--

25 CHAIRPERSON: How are you spelling your name?

1        MR. IRETON: I-R-E-T-O-N. I'm on the Steering Committee of  
2 a group called Oil Watch. I'm not speaking for the group here  
3 today because we haven't had a meeting with the Steering Committee  
4 members in order to speak for the group. But just as a concerned  
5 citizen I came here today to watch the proceedings and, overall I've  
6 really enjoyed hearing, you know, the presentation of the Kodiak  
7 people. I think this impact is going to be felt by them directly,  
8 and, uh, my feelings that this...the organization that I'm part of  
9 is concerned about the oil industry's impact on the state of Alaska.  
10 And that those types of impacts are important to the people and the  
11 people are the most important factor in any decision making. Uh,  
12 on...through our organization, we've studied oil spills here in the  
13 State of Alaska. The average cost of a spill has been 1.5 million  
14 dollars, and that the containment has been a major problem in every  
15 spill that we've had. Whether it be the spill in Cordova, whether  
16 it be the spill in St. Paul Island, or the Lee Wang Zing that just  
17 happened down near Ketchikan, containment has been a major problem.  
18 And I don't believe that the state-of-the-art in spill cleaning  
19 equipment is adequate at this time to...nor that the response  
20 capability is adequate. I don't believe the Coast Guard is properly  
21 trained or properly ready to assume responsibility for major spills.  
22 And I'm more worried about a major tanker spill than I am about  
23 offshore development. But I think that offshore development, if you  
24 have a blowout of the magnitude that has happened in the Gulf of  
25 Mexico would also be a very big problem. So, I just wanted to state



1 those observations as a private citizen.

2 CHAIRPERSON: What is your address, Mr. Ireton?

3 MR. IRETON: 1414 1/2 Karluk Street. That's my personal  
4 address. We have a box here in Anchorage. It's 3310.

5 CHAIRPERSON: For Oil Watch?

6 MR. IRETON: For Oil Watch, right. Thank you.

7 CHAIRPERSON: Thank you very much. We appreciate your coming.  
8 Anyone else who wants to be heard? (no response) If not, we'll  
9 recess these hearings. They will reconvene on Thursday morning  
10 at 10:00 in the Borough Assembly Chambers in Kodiak. Wien Alaska  
11 and everything willing. And they are now recessed until that  
12 time. Thank you all for coming.

13 (HEARING RECESSED AT 4:15 P.M.)

14 \*

16 \*

18 \*

20 \*

22 \*

24 \*

25 \*

-210-

AD-GILE Court Reporters

P.O. Box 8994

Anchorage, Alaska 99508

Phone(907) 333-4594